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New Year's Eve review of 1992

FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY DECEMBER 30 1992 — D8523A

Franco sworn in as Collor quits Brazil presidency

Fernando Collor de Mello quit as president of Brazil yesterday just as the senate was starting the decisive session of his impeachment on corruption charges. He was succeeded within hours by Itamar Franco, 62, who had been acting president since Mr Collor's suspension in September. By resigning rather than waiting for the senate to act against him, it is thought Mr Collor will retain certain privileges such as a pension and bodyguards. Page 10; Playboy bows out, Page 2

Crackdown in Somalia: US troops started seizing weapons from gunmen in Mogadishu, the Somali capital. Leaflets dropped by air warned residents that armed people would not be tolerated on the streets. The move comes shortly before a visit by US president George Bush.

Lebanon spurns plan: Lebanon rejected an Israeli proposal that both governments should let aid be delivered to 415 Palestinians who have been stranded in south Lebanon since being expelled from Israel 12 days ago. Page 10

US drug approval for Glaxo: The UK's biggest pharmaceuticals company has won US Food and Drug Administration approval to sell Imitrex, the migraine treatment it already markets elsewhere as Imigran. Glaxo shares rose in London and New York on the news. Page 11; Wall Street, Page 23; London stocks, Page 26

Moi accuses west of backing opposition:

Kenyan president Daniel arap Moi yesterday accused western governments of backing his political opponents, promoting tribalism and bringing the country close to civil war by forcing the pace of political change. His attack came soon after he had cast his vote in Kenya's first multi-party elections for 26 years. Page 10; Background, Page 2

Vauxhall, UK subsidiary of General Motors of the US, is believed to have boosted taxable profits by more than 40 per cent to about £190m ($288.8m) this year, with record output from its UK assembly plants. Page 11

Matra-Hachette merger: Shareholders in the French defence, transport and communications company overwhelmingly backed its planned merger with media group Hachette. The merged company will have a FFr53bn ($10bn) turnover and 50,000 employees. Page 11

Cubans flee to US: Cuban officials said a Cuban airliner carrying up to 58 people was hijacked to Miami. Many of those on board requested political asylum. It was unclear whether the pilot flew to the US against his will.

Iraq breaches no-fly zone: Iraqi MiG aircraft again breached the no-fly zone over the south of the country but fled when US fighters intercepted them.

Russians move out: The last Russian army troops left Vilnius, capital of the former Soviet state of Lithuania, and handed control of their main base to the city authorities.

Italy gave the go-ahead for a $25bn high-speed rail network which will be the country's biggest building project since World War Two.

Hong Kong plans: Democratic reform proposals by Hong Kong governor Chris Patten will be put to the colony's legislature unchanged despite steadfast Chinese opposition, according to secretary for constitutional affairs Michael Sze. China turns screw on France, Page 3

GPA Group, the aircraft leasing concern, is cutting aircraft orders by more than $6bn. The company warned that resulting penalties could hit its future results. Page 11

UK seeks escape: The UK wants exemption from a European directive that can prevent companies cutting the pay or conditions of staff taken on after mergers and acquisitions. Page 5

Still no Wagner: The Israel Philharmonic Orchestra has decided to maintain its 54-year ban on playing the music of Richard Wagner, an anti-Semite and Hitler's favourite composer.

Home alone: A Chicago couple were arrested as they returned from a holiday in Mexico because they had left their children, aged nine and four, at home on their own.

■ STOCK MARKET INDICES		
FT-SE 100:	2,847.8	(+20.3)
Yield	4.26	
FT-SE Eurotrack 100	1,096.47	(+7.54)
FT-A All-Share	1,363.97	(+0.6%)
Nikkei	17,285.84	(+97.02)
New York lunchtime		
Dow Jones Ind Ave	3,343.53	(+10.27)
S&P Composite	441.93	(+2.78)
■ US LUNCHTIME RATES		
Federal Funds:	3%	
3-mo Treas Bills: Yld	3.27%	
Long Bond	103$\frac{5}{32}$	
Yield	7.359%	
■ LONDON MONEY		
3-mo Interbank	7$\frac{1}{8}$%	(7$\frac{1}{4}$%)
Liffe long gilt future:	Dec 101$\frac{7}{8}$	(Dec 101$\frac{11}{32}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$18.35	18.45
■ Gold		
New York Comex (Dec)	$332.5	(332.9)
London	$332.85	(332.85)

■ STERLING		
New York lunchtime:		
$	1.50725	
London:		
$	1.5135	(1.532)
DM	2.4425	(2.44)
FFr	8.315	(8.3225)
SFr	2.215	(2.205)
Y	188.75	(189.75)
£ Index	79.0	(79.5)
■ DOLLAR		
New York lunchtime:		
DM	1.61615	
FFr	5.58025	
SFr	1.4675	
Y	124.75	
London:		
DM	1.614	(1.5930)
FFr	5.4925	(5.4325)
SFr	1.4635	(1.4395)
Y	124.7	(123.8)
$ Index	66.3	(65.5)
Tokyo close Y 124.57		

Austria	Sch30	Greece	Dr250	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25	India	Rs30	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.50	Syria	SyP50.00
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L6000
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190	UAE	Dh10.00

Start 2 treaty may be signed by Bush and Yeltsin at a summit in early January

Russia and US agree to cut nuclear arsenals

By Daniel Green in London, Leyla Boulton in Moscow and George Graham in Washington

US AND Russian foreign ministers yesterday agreed to a strategic arms limitation deal that would cut nuclear forces by almost three-quarters within a decade.

Mr Lawrence Eagleburger, the US secretary of state, and Mr Andrei Kozyrev, his Russian counterpart, said after a meeting in Geneva that they would take their draft of the treaty known as Start 2 to presidents George Bush and Boris Yeltsin for final approval.

The cuts that should follow would leave the world with its smallest nuclear arsenal since the early 1960s.

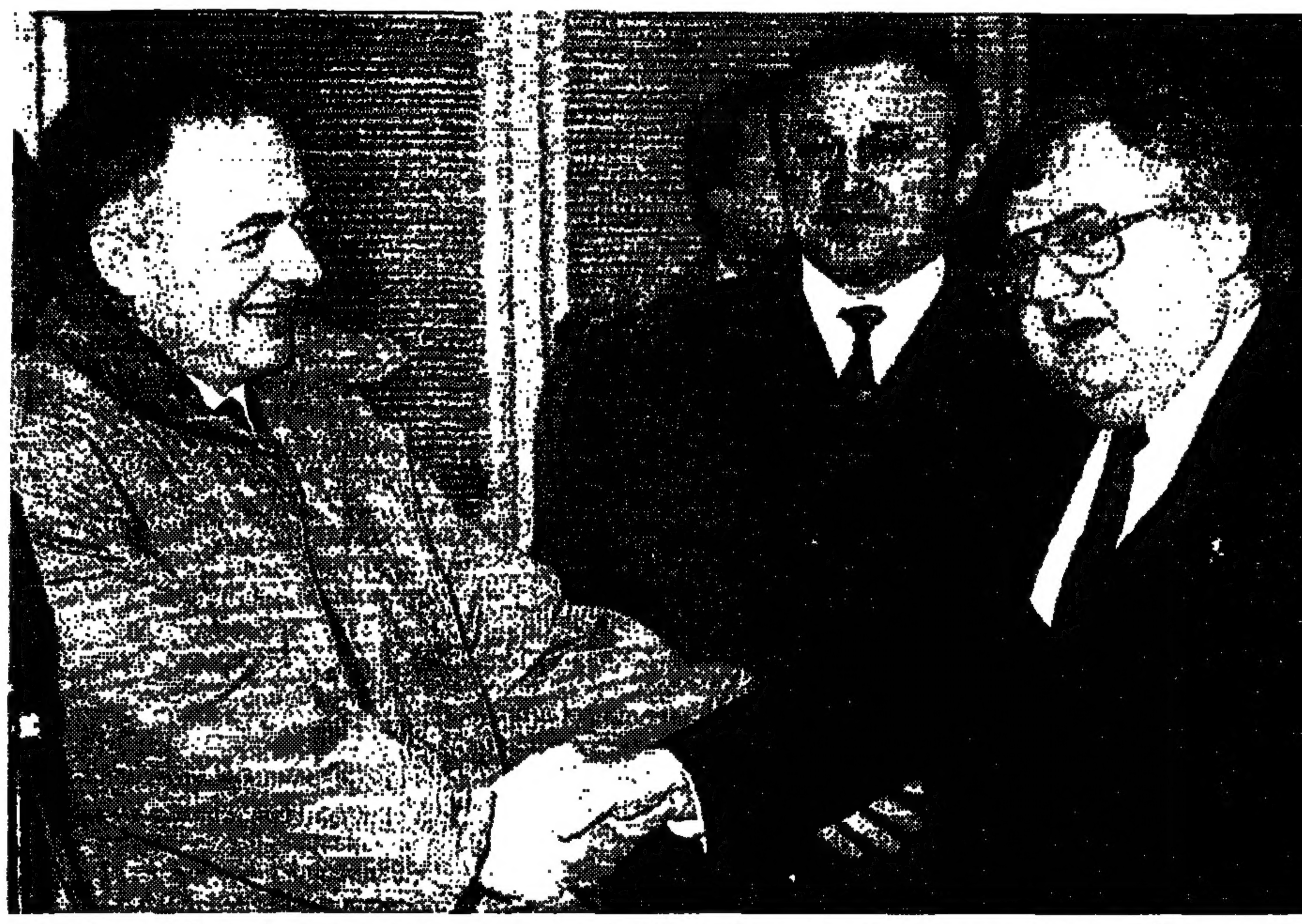
Mr Pavel Grachev, the Russian defence minister, said a summit at which Mr Bush and Mr Yeltsin would sign the treaty would be held in the Russian Black Sea resort of Sochi on January 2, 3 or 4. The White House did not immediately confirm the venue.

Mr Bush is already due to travel to Somalia to spend New Year's Eve with US troops. He will then fly on to Saudi Arabia and is expected to meet King Fahd on Friday.

Mr Eagleburger, however, left open the possibility of further negotiations to fine-tune the agreement. "It's up to the presidents to look at the documents and see if we've made sufficient progress to sign an agreement," he said. "If there are changes they would want to suggest, obviously, we'd have to come back together again."

The negotiations over the wording of Start 2 were completed in record time, just six months after presidents Bush and Yeltsin agreed a draft at their summit in Washington.

Nevertheless, the final agreement was held up by disagreements on the size of Russian missile silos, the convertibility of multiple-warhead missiles to single-warhead use and the flexibility of US bombers to carry nuclear or conventional payloads. The details of how these differences were resolved were not revealed yesterday.



Andrei Kozyrev (left), Russian foreign minister, and Laurence Eagleburger, US secretary of state, announce their arms talks agreement

In Washington, congressional leaders welcomed news of Start 2's apparent completion. "This is a great gift to the nation and to the world," said Mr Lee Hamilton, who is to take over as chairman of the House of Representatives Foreign Affairs committee.

White House officials said they did not yet know when or where a summit between Mr Bush and Mr Yeltsin might take place. An announcement was expected after Mr Eagleburger returned to Washington late yesterday.

In Russia, Mr Yeltsin may yet face domestic opposition from politicians and the military.

Other countries once part of the Soviet Union that also have nuclear weapons may also delay implementation of Start 2. Ukraine, Kazakhstan and Belarus should disarm under the Start 1 treaty signed last year between Washington and Moscow, but only Kazakhstan has ratified Start 1.

Alison Smith adds: In London, the British Foreign Office welcomed the prospect of defining in treaty form the agreement on further reductions in strategic arsenals. Progress in the Start talks, however, brought renewed opposition party pressure on the UK government not to increase the number of nuclear warheads when the Trident submarine is deployed in the mid-1990s.

Sir Nicholas Bonsor, Conservative chairman of the cross-party defence committee of MPs, welcomed the progress made, but pointed out that Ukraine had not taken part in the talks or surrendered its nuclear armaments to Russia.

Yeltsin faces opposition, Page 3
Dignified exit for Bush, Page 3
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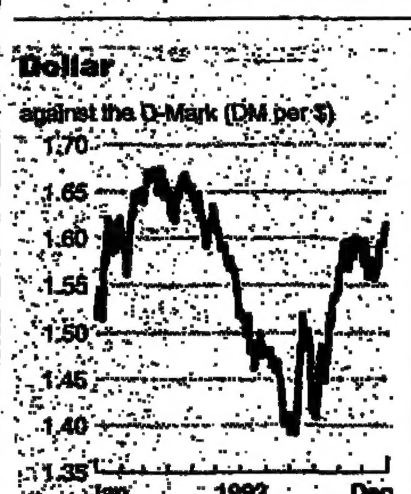

Source: FT Graphite

Rise in US consumer confidence lifts dollar

By Peter Norman and James Blitz in London

THE DOLLAR continued its strong end-of-year rally on the foreign exchanges yesterday, rising to its highest level against the D-Mark since the summer and pushing sterling below $1.50 for the first time this year.

The US currency reached a high of DM1.6235 against the D-Mark, boosted by better-than-expected consumer confidence data in the US, which added to expectations that the US is set for strong growth in 1993.

The US consumer confidence index rose to 78.3 per cent this month from a revised 65.6 per cent in November.

The dollar's surge, which faded towards the end of European trading, was also helped by a growing belief in financial markets that Germany may cut official interest rates early next year, triggering a Europe-wide relaxation of monetary policy.

This speculation – which has seen no substantial support from the Bundesbank in recent days – pushed the pound down to a low of $1.4988, a level last seen in January 1987. The dollar closed

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Spain to establish central bank autonomy

By Tom Burns in Madrid

THE BANK of Spain will take control of the country's monetary policy under a draft statute of autonomy – modelled on the German Bundesbank's – approved by the cabinet yesterday and which will go before parliament early in the new year.

Mr Carlos Solchaga, the economy minister, who has been determined to establish the central bank's autonomy before next year's general election, said the draft bill reflected Spain's commitment to the "philosophy of Maastricht". By ensuring the autonomy of the central bank, Spain was meeting an important condition for its future presence in the European Community's planned economic and monetary union (Emu) at the end of the decade.

The development was hailed by analysts as a vital structural change that would force the government to control its spending and that should ensure a low and stable rate of inflation.

"We have taken a very important step forward on the road to Emu," said Mr Jaime de Pinies, head of research at Banco Santander de Negocios. "We can probably trust in a firmer peseta in the future."

The government's decision to introduce such legislation well ahead of the schedule laid down last year at Maastricht was viewed as a significant gesture that provided a much-needed boost to Spain's Emu convergence plan.

In the course of this year the government has failed to meet the convergence targets it had set itself on reducing the public deficit, and the peseta has undergone two devaluations in order to remain within the exchange rate mechanism of the European Monetary System.

Under the draft legislation the Bank of Spain is alone empowered with "defining" monetary policy, and the bill states that the "prime end" of such a policy is to "ensure price stability". Until now monetary policy has been defined by the government and executed by the Bank of Spain.

Echoing the Bundesbank's own statutes, the Bank of Spain will in future "support the government's general economic policy" as long as such support is "not in detriment" of price stability.

Additionally the Bank of Spain is expressly forbidden from funding government deficits. Under the current system the treasury is able temporarily to borrow from the bank to cover spending overshoots although all such loans have to be repaid to the

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Panic challenge to Milosevic ended by no confidence vote

By Our Belgrade Correspondent

THE YUGOSLAV parliament yesterday passed a motion of no confidence in Mr Milan Panic, the moderate federal prime minister, apparently ending the challenge of the Serbian-American millionaire to the country's most powerful political figure, Serbian president Slobodan Milosevic.

Both houses of parliament voted overwhelmingly for the motion, introduced by the extreme nationalist Serbian Radical party.

The parliament also voted to allow Mr Radoje Kontic, a deputy prime minister, to lead the caretaker government. Mr Panic said he would remain in Yugoslavia to lead opposition to the new government.

Delegates to the upper house from the republic of Montenegro, who enjoy parity with delegates from Serbia, had saved Mr Panic's premiership by defeating a similar motion in November.

The overwhelming success of Mr Milosevic's Socialists and the Radicals in the December 20 parliamentary elections, however, made it practically imperative for the Montenegrins to pass yesterday's motion.

The Radicals' leader, Mr Vojislav Seselj, who has been named as a suspected war criminal by foreign governments and human rights watchdogs, called for Mr Panic to be barred from leading a caretaker government which would rule until the newly elected parliament convenes early next year.

Mr Seselj has repeatedly denounced Mr Panic as a foreign agent and called for his arrest.

Mr Panic fled Communist Yugoslavia in 1956 and made millions marketing pharmaceuticals in California before accepting the premiership in July.

Reuter adds from Sarajevo: Some 10,000 Moslem fighters have gathered on a strategic hill overlooking Sarajevo amid rumours of an imminent Moslem assault to break the Serb siege of the Bosnian capital.

Mr Mik Magnusson of the United Nations Protection Forces (Unprofor) in Sarajevo, said the build-up of troops had been taking place for several months.

UN personnel earlier this week said they thought the Moslems were preparing offensives on several fronts.

Unprofor said more than 500 people had been stopped from trying to cross Sarajevo's airport on Monday night, most of them young men of military age wearing civilian clothes.

CONTENTS

Gloom grips Germany's economy

By Quentin Peel in Bonn

ONLY two sectors in the entire German economy – power engineering and waste disposal – are more optimistic about the prospects for 1993 than they were one year ago.

There has been a dramatic worsening in the mood in export-oriented sectors, including mechanical and electrical engineering, motor manufacturing and electronics.

More than half the leading sectors of trade and industry expect a drop in production or turnover during the year, and 29 out of 41 sectors expect to reduce their labour forces.

Those are the main conclusions of the annual year-end survey of business opinion carried out by the Institute for the German economy (IW) in Cologne, the economic research arm of the German industry federation (BDI).

They coincide with a grim warning by the German employers' association that the number of fully or partially unemployed people in the united Germany could reach 5.5m by the end of 1993, without a drastic change in the wage demands of trade unions.

The same message comes from the German chambers of trade and industry (DIHT), which say the real crisis for the economy is high domestic costs, not lack of demand.

The IW survey of 41 sectors of trade and industry singles out the traditional export sectors of the economy as the gloomiest, both because of their declining price-competitiveness, and the weak level of investment spending in the rest of the world.

It concludes that 22 of the 41 sectors expect a fall in turnover, with just nine expecting a rise. The only sector expecting a "significant" rise is waste disposal, due to new stricter waste disposal regulations.

The power engineering industry is expecting some improvement thanks to orders from eastern Germany, and the other sectors are mostly affected by the relative buoyancy of the construction industry – again thanks to publicly-financed orders from the east.

The other exceptions to a totally gloomy outlook are the insurance and tourism industries, both of whom suffered a poor year in 1992.

As for investment plans, 25 of the 41 sectors expect lower spending, blaming competitive pressures, high labour costs and weak demand.

● German author Gunther Grass yesterday resigned from the opposition Social Democrats (SPD) in protest at their co-operation with the government in limiting political asylum rights for foreigners.

The 65-year-old author of "The Tin Drum" has accused the SPD of "hypocrisy and viciousness" for bowing to government demands for strict limits to liberal asylum rights in the constitution.

Polling stations overwhelmed as voters queue for hours

Moi resentful as Kenyans vote

By Julian Ozanne in Kabernet and Michael Holman in Kikuyu

People push to cast their vote in Juja near Nairobi yesterday. The station opened nine hours late because of a shortage of forms

IN an isolated mountain retreat deep in Kenya's Rift Valley, President Daniel arap Moi let off steam.

Standing in the shady gardens of the Kabernet Hotel, Mr Moi was perhaps recovering from a nasty new experience: voting in a multiparty election clearly still anathema to him.

The 68 year-old president painted himself as an isolated and helpless victim of hostile western governments.

"I have been mistreated by... the western world purporting to be fighting for democracy when they have been fighting against me."

"Violence has been introduced. People are talking about civil war," he said.

Thumping his fist into his palm the president, who has ruled Kenya autocratically for 14 years, said violence had erupted because Kenya had not been allowed to develop its democracy naturally. Instead it had been forced into rapid change by foreign governments who kept telling him "Do This. Do that. Do this."

Mr Moi, speaking to western reporters for the first time in 10 months, made his bitter attack shortly after casting his vote. He voted shortly after dawn in his Baringo Central constituency in the heart of the mountains and gorges of the Rift Valley, home to Mr Moi's Kalenjin tribe. Three hired British helicopters, with European pilots, waited nearby to fly him back to Nairobi.

Mr Moi is unopposed in Baringo Central, as are 14 other candidates of the ruling party, Kanu, in other constituencies in the Rift valley, Kanu's heartland and a province still run like a medieval fiefdom. At a primary school polling station, queues of voters formed silently on a scrubbed playing field. Inside voters were only issued one ballot paper with the names of the eight presidential candidates.

Mr Kegan Chebii, a civil servant suspicious of outsiders, said: "Opposition parties did not come here. They don't have any supporters. We are Kanu by blood."

Voting was calm in Baringo Central but in some parts of the country polling was marred by ineficiency, chaotic organisation and minor attempts at rigging.

In the opposition stronghold of Kisumu, a humid industrial town on the shores of Lake Victoria, angry supporters of Ford-Kenya alleged Kanu agents had been distributing money inside the polling station. A number of stations opened late and long queues of voters waited impatiently.

In the tense central town of Nakuru election observers said there was a shortage of ballot papers in several polling stations and in one the voters register was still absent by 11am. At another urban polling centre had to be escorted out after an unruly crowd threatened to stone them. Despite the confusion many voters were determined to exercise their right to vote. In Kikuyu, Mr David Kariuki looked back at the seemingly interminable queue that had been growing since dawn. How long had he been waiting? Four hours, perhaps, or possibly five? "No, 26 years," chuckled the middle aged farmer.

Fleeing Cubans land at Miami

A Cuban aircraft with dozens of people aboard, many seeking political asylum in the US landed at Miami's airport yesterday in what US authorities called a possible hijacking, Reuter reports from Miami.

Up to 58 people were thought to be aboard.

Customs officials were holding the aircraft pending investigations by US immigration and law enforcement agents.

Officials said it was not known whether the pilot was forced to fly to Miami by someone on the aircraft, or whether the hijacking report was a ruse to get out of Cuban airspace and make an escape.

Iraqi aircraft in no-fly zone

Iraqi aircraft made fresh incursions into the air exclusion zone in southern Iraq but no shots were fired at them, AP reports from Manama.

A US military spokesman said the Iraqi Air Force made "additional sorties across the 32nd parallel" to a maximum incursion of 32 km within the no-fly zone.

Rapid railway for Italy

A plan to build a high-speed rail network in Italy was given the green light by the government yesterday after several days' delay, Reuter reports from Rome.

Italy's budget, treasury and transport ministers' approval clears the way for an Italian-led consortium to build some 1,300 km of track in the next seven years.

The Italian railroad consortium TAV Spa is the flagship of FS Spa, the new name of the Italian state railway system, converted into a joint-stock company last week.

Russia opens foreign agency

Russia has created a foreign investment agency under deputy prime minister Alexander Shokhin to attract more western capital, Reuter reports from Moscow.

Mr Kirill Ivanov, deputy head of the new Russian Agency for International Co-operation and Development (RAMSIR), said the agency would co-ordinate investment policy between various government ministries.

● Turner Broadcasting System of the US, in a joint venture with Moscow Independent Broadcasting Co, is to launch TV6 Moscow on Friday, a channel which it says will be Russia's first independent TV service, Our Foreign Staff writes.

Khmer Rouge kills 12

Khmer Rouge guerrillas have murdered 12 Vietnamese, including four children, in an attack on a fishing village along the Tonle Sap river in Cambodia, the United Nations Transitional Authority in Cambodia announced, writes Victor Mallet.

Albania oil workers strike

Albania's government, fresh from crushing a strike in the key chrome industry, yesterday warned striking oil refinery workers they could lose their jobs if they do not return to work by Saturday, Reuter reports from Tirana.

Workers at the Ballshi refinery, south of Tirana, went on strike two weeks ago, demanding a doubling of wages, extra holidays and a five-day week.

Moscow force to fight mafia

By Leyla Boulton in Moscow

ARMED men in ski-masks and camouflage uniforms were yesterday presented as the Russian interior ministry's New Year gift to the people.

Major-general Mikhail Yegorov, the first deputy minister, said the men – a few of them on display at a news conference yesterday – were part of a new rapid deployment force set up by presidential decree to fight the mafia.

A government gift of 19,000 extra men plus helicopters, armoured vehicles and various weapons would help local police combat ordinary crime when necessary, he said.

General Yegorov added that the government had also provided funds for extra judges to try cases in addition to auditors to examine crooked documents.

"The best present which law enforcers can offer is the exposure of criminal groups and to give people the feeling they will be safe walking the streets on New Year's Eve," said the ministry's press officer.

A video was then shown to journalists to illustrate various cases of corruption and organised crime uncovered around the country as a result of the government's drive against corruption.

Gen Yegorov said about 3,000 criminal organisations, with tens of thousands of members, were operating in Russia – many with foreign connections. Half their revenue was spent on bribing officials. Of 1,541 criminal cases of official corruption, 400 were linked to organised crime.

Bribe-taking had gone up 27 per cent on 1991, with large scale theft up 6.4 per cent. Three hundred officials had been sacked for violating another presidential ban on combining government service with private business activities.

According to the interior ministry, the most corruption is in the banking system – which has been defrauded of billions of roubles by criminal gangs with support from banking officials.

It was also prevalent in state organisations responsible for raw materials, the privatisation of state property, and the conversion of military factories to civilian uses.

The interior ministry has also uncovered a number of cases of corruption within the military involving the illicit sale of military equipment and within the judiciary.

Gen Yegorov said that ultimately corruption was a "social" problem whose causes – such as the low pay of civil servants and law enforcers – also need to be addressed.

Surge in US consumer confidence

A SURGE in consumer confidence and a strong increase in home sales indicated the US economic recovery is gathering momentum, writes Michael Prowse in Washington.

Consumer confidence rose almost 13 points to 78.3 this month, according to an index compiled by the Conference Board, a New York business analysis group. The gain was bigger than Wall Street expected and took confidence to its highest level since the surge in consumer sentiment following the end of the Gulf war in spring last year.

Sales of existing homes rose 5.8 per cent between October and November to their highest level in nearly six years - a sign that big cuts in interest rates this year are reviving the housing market. The November increase followed a revised 10.3 per cent jump in October and left sales 19 per cent higher than in the same period last year.

Consumer confidence has risen nearly 24 points in the past two months. However, the rise in the index, mainly reflected a sharp increase in a sub-index measuring "expectations", which rose from 70.7 in October to 104.5 last month.

Yesterday's figures follow encouraging reports from many retailers who have reported the best Christmas sales for four years.

Brazil's beached playboy bows out

Collor avoids being impeached, writes Christina Lamb

Itamar Franco waves before being sworn in as Brazil's president

THE RESIGNATION yesterday of Brazilian President Fernando Collor de Mello brings to an end the Dallas-style saga of greed and family feuding that paralysed Latin America's ninth largest economy for the past seven months.

Mr Collor, Brazil's first directly elected president for 30 years, had been suspended from office since September when Congress voted to authorise his impeachment over corruption charges brought to light by Mr Collor's jealous younger brother.

Originally hoping to enter the history books for his "modernisation revolution", Mr Collor now joins the sorry ranks of Brazilian presidents who, through suicide, coup, or death, have failed to complete their mandates – only one civilian president in the last 67 years had lasted a full term.

But, by resigning on the day of his judgment, he avoids the humiliation of becoming the world's first impeached president and may be able to salvage what once seemed the most promising political career in Latin America.

That seems like a long shot. Mr Collor still faces criminal charges and, although Brazilians do not expect high standards of morality from politicians they are deeply resentful that while he was preaching austerity amid the worst recession in a decade he was arranging a $2.5m landscaping of his gardens, apparently on a pre-tax salary of around $22,000 but allegedly paid for with the proceeds of a multi-million dollar kickback scheme.

Now spending his days reading books on mind control in a shabby library surrounded by mementoes from the presidency, Mr Collor is left to contemplate his folly. Only two years ago he seemed to have everything going for him. A political unknown from Alagoas, one of Brazil's most backward north-eastern states, he won the 1989 elections without any party backing on the banner of modernisation and clean government.

The glamorous former playboy quickly caught world attention with his love of dangerous sports, free market rhetoric and daredevil acts such as freezing 80 per cent of the nation's bank accounts on his first day in office.

Never afraid to tackle vested interests, Mr Collor did introduce important changes. He began opening up one of the world's most protected economies, started privatising state companies and introduced words such as productivity, competitiveness and quality into the businessman's lexicon.

But behind the modern façade, the Mont Blanc pens and Hermès ties, his ways of working were pure Alagoas. His alleged front man was said to be busy accepting kickbacks from the very businessmen Mr Collor was attacking, and so arrogant were those running the scam they kept details on computer disk.

Mr Collor's two economic plans failed to reduce inflation and his imperial style meant no one was sorry to see him under fire. Ironically his own changes, such as insisting that all cheques carry the name of the recipient to crack down on the black market, allowed him to be caught.

It must now be asked whether his demise spells the end of the modernisation programme. His successor, Mr Itamar Franco, has already suspended the privatisation programme. Mr Alexandre de Barros, a Brasilia-based risk consultant, warns: "These guys are disorganising the economy at a fantastic rate. All the bad signs are there but people just don't want to believe them."

With monthly inflation now pushing 30 per cent, the economy is expected to worsen. In the meantime Mr Collor, who has continually denied the charges, will be watching and waiting, portraying himself as a victim of the interests he challenged and taking advantage of the short memories of Brazilians in hoping that by the next elections in 1994 he will be regarded as a hero.

Fall in chip sales to Japan spurs trade fears

By Robert Thomson in Tokyo

THE Japanese government announced yesterday that the foreign share of the country's semiconductor market declined from 16 per cent to 15.9 per cent during the third quarter, increasing the probability of renewed trade friction with the US.

Under a US-Japan semiconductor pact, Tokyo agreed to a target of 20 per cent foreign share by the end of this year, but the decline has put this goal out of reach and means that chips may be the first item on the trade agenda of President-elect Bill Clinton.

After the foreign share surged from 14.6 per cent to 16 per cent during the second quarter, the Japanese government hoped the year-end figure would be close to 20 per cent, while the US industry applauded the increase as a "step in the right direction".

A Japanese electronics company official suggested that the sharp fall in profits at most electronics makers is behind the decline. These companies have begun using more of their own chips and encouraging long-time customers to increase their purchases, limiting opportunities for foreign chips.

The US government has warned that it will take "additional actions, as necessary, to fulfil" the chip agreement, which superseded a pact signed in 1986 and was accepted by Japan to placate the politically-influential US semiconductor industry.

Japan has its own formula for calculating market share, which includes chips made by Japanese companies, but sold under foreign brands, and chips shipped by US producers to subsidiaries in Japan. Under that formula, generally ignored by the US, foreign share fell to 17.7 per cent from 17.9 per cent during the third quarter.

The Ministry of International Trade and Industry (Miti) said it hoped "the share of foreign chips will rise" in the final quarter.

US starts crackdown on Somali gunmen

US FORCES began a crackdown on gunmen in the Somali capital yesterday seizing weapons, missiles and battlewagons 48 hours before a visit by President George Bush, Reuter reports from Mogadishu.

US Air Force aircraft dropped 100,000 leaflets on Mogadishu warning residents that machine guns, mortars, and battlewagons would not be tolerated on the streets.

"Anyone aiming or pointing weapons directly at CTF (Combined Task Force) forces will be shot," the leaflet said.

Military spokesman Colonel Fred Peck said US troops seized a large cache of arms and missiles in north-east Mogadishu and a smaller arsenal from a building opposite the US embassy, which Mr Bush will visit.

The actions marked the start of a clampdown by the multinational task force on bandits in Mogadishu, where shootings, looting and mugging are still widespread.

More evidence emerged that Somalia's warring clans engaged in a final fling of killing and looting just before the December 9 US-led intervention in Somalia. Diplomatic sources [illegible] in the southern port of Kismayu massacred over 100 people from another clan on the eve of the US Marine landing in Mogadishu.

The diplomatic sources said the killings were believed to have taken place over three nights. Mr Sean Devereux, a Unicef worker in Kismayu, recently called the pogrom "targeted clan killings."

Gunmen also shot dead four Somalis working for the International Red Cross (ICRC) and one from the relief agency Care on Monday in incidents which highlighted continued lawlessness, officials from both agencies said.

Mr Bush is coming to Somalia primarily to meet US troops for the New Year in what will almost certainly be his swan song as commander-in-chief of the US military before he hands over the White House to President-elect Bill Clinton on January 20.

The visit will last about 27 hours, half of it aboard the amphibious assault ship Tripoli. Mr Bush will meet soldiers at bases in Mogadishu, Baidoa and Bali Dogle and make brief stops at a relief agency feeding centre and a home for orphans of Somalia's [illegible]

US trade groups puzzled by selection of Kantor

By Nancy Dunne in Washington

THE election of Governor Bill Clinton to the presidency set off a gunfight among candidates for the US trade representative's job. When the smoke cleared, the victor was Mr Mickey Kantor, an able, energetic long-time political adviser to the Democratic candidate, chairman of the Clinton campaign and a novice in the international trade arena.

The nomination was greeted with dismay by many in the US business community, who had hoped to get a Uruguay Round deal on the General Agreement on Tariffs and Trade done quickly and the increasingly controversial North American Free Trade Agreement through Congress. Mr Kantor's views on trade – if indeed he has any at all – are as undefined as those of the president-elect.

In fact, when he was nominated at a press conference last week, the Californian lawyer was perhaps the only cabinet nominee to say nothing at all about the job he would hold if confirmed by Congress.

It fell to Mr Clinton to explain that American economic security now depends on trade, but where there is opportunity there are also "serious risks" to businesses, workers and the environment. The trade representative must ensure that America's trading partners "play fair".

Clearly the job is a reward to Mr Clinton's old friend, who moved his family to Little Rock during the campaign. With Mr Clinton intent on choosing an ethnically and gender-correct cabinet, Mr Kantor – as a white male – could count himself fortunate to get a job. He will follow another Californian lawyer in the post – Mrs Carla Hills.

Opponents of both the Gatt deal and Nafta, on the left of the Democratic party, had hoped for a trade representative more ideologically attuned to their concerns about lost manufacturing jobs and the environment. Many farm groups want a total unravelling of the agriculture liberalisation deal so painfully negotiated by the US and EC this month. They were pleased with the nomination of Mr Mike Espy, a young black Mississippi congressman as US agriculture secretary, who they believe will give them access to decision-making.

In Mr Kantor, however, they have an enigma. Mr Clinton himself speaks in favour of free trade but campaign operatives had a long list of changes they wanted in the Uruguay Round negotiating text and an apparent conviction that the 107 other Gatt members would be delighted to accommodate US views.

Perhaps Mr Kantor will bring some new thinking to drive a path through the minefield of competing interests in Geneva and the Congress. Some of the ablest Trade Representatives have been political pros - among them former Russian ambassador Mr Robert Strauss.

Mr Kantor will follow another lawyer from California, Mrs Carla Hills. She, too, knew little about the intricacies of trade. He can be expected to also put in long gruelling hours to learn his brief.

If he is untried as a trade negotiator, he did prove his mettle in another sphere. It was he who apparently out-negotiated Mr James Baker, former secretary of state, in making arrangements for the televised campaign debate which paved the way for Mr Clinton's victory.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One Southwark Bridge, London SE1 9HL. [illegible]

Arms accords offer Bush a dignified exit

By George Graham in Washington

PRESIDENT George Bush can leave office next month with three important arms reduction treaties under his belt after tying up the loose ends of the Start 2 nuclear missile cuts he agreed with President Boris Yeltsin last June.

The pact, coming on the heel's of last year's Start 1 and of the 1990 treaty reducing conventional forces in Europe, will certainly provide a more triumphant tone to the final days of the Bush presidency than seemed likely after Mr Bush's decision to pardon Mr Casper Weinberger, the former defence secretary, and others involved in the Iran-Contra scandal.

"I think it's about the best gift we could have during this Christmas season," commented Congressman Lee Hamilton, who is about to take over as chairman of the House of Representatives foreign affairs committee.

"It is good news that these two powers will be reducing sharply their warheads and it certainly gives a good send-off for President Bush as he leaves the presidency."

While the details of the Start 2 agreement remained to be settled, Mr Bush had come in for some criticism for failing to seize the chance to clinch deep cuts in the nuclear arsenal of the former Soviet Union.

Some have even criticised the Start 2 pact for offering too many opportunities for "break-out", where one power starts a rapid rearmament programme with the aim of securing a nuclear advantage.

This is because both Start treaties will allow some "downloading" to convert multiple warhead missiles into single warhead missiles, and so present the possibility of "uploading" by putting extra warheads back on.

Most arms control specialists, however, argue that the risk of break-out is exaggerated: it would take a considerable time, can be monitored and would have little effect against weapons that can survive an attack and threaten retaliation, such as submarine-launched ballistic missiles (SLBMs).

The agreement leaves open the question of where disarmament efforts should now be focused.

A hypothetical Start 3 agreement could, according to Mr Ronald Lehman, director of the US Arms Control and Disarmament Agency, aim for the elimination of all intercontinental ballistic missiles, the "Greenpeace option" of eliminating all SLBMs, or the "Reykjavik option" of eliminating both categories of weapon.

But participants in a recent conference at Georgetown University's Institute for the Study of Diplomacy warned that if the US pursues disarmament through the Start framework, it could slow down the political changes it wants in Russia, by strengthening the hand of Russian hardliners. The conference urged a broader approach to curbing the threat of nuclear proliferation.

Big savings spur Start 2 N-arms meltdown

Daniel Green on the deal to cut 18,000 warheads

THE Start 2 treaty is the latest and largest step in almost 30 years of arms talks between Washington and Moscow.

The cuts it promises should bring the strength of the nuclear forces back to levels not seen in the US since the early 1960s, and in Russia since the mid-1970s.

Under its terms, almost three quarters of the strategic nuclear warheads the two countries possessed in 1990 will be removed by 2003. If the US helps Russia pay for their demolition the deadline will be three years earlier.

Among them are the most destructive weapons ever devised: the land-based multiple warhead missiles. These are single missiles with many separate nuclear warheads that detach from the launcher to be guided on to different targets.

There are also cuts in missiles launched from submarines, considered essential in the effort to counter the threat of a pre-emptive strike, and bombs carried by aircraft, still a main pillar of nuclear strategy in the US.

The treaty means Russia should end up with about 3,000 strategic nuclear warheads and the US about 3,500 by early next century. Most will be carried by submarines. This compares with 1990 figures of 12,646 US warheads and 11,012 Russian. Most Russian warheads are currently in land-based missiles.

These two stocks of strategic weapons will form virtually all the world's nuclear stockpile because tactical nuclear weapons, not part of Start, are set to be abandoned after a series of unilateral disarmament gestures made by Washington and Moscow in late 1991 and early 1992.

The vast arsenals in the former Soviet states of Belarus, Kazakhstan and Ukraine, not part of Start 2, are supposed to be destroyed as part of the first Start treaty signed last year. Without these cuts, the three countries would have as many warheads as either Russia or the US in a post-Start 2 world.

The other significant nuclear powers, France, China and the UK, have yet to signal their intentions. In the past the UK and France have scaled back nuclear procurement programmes in the wake of treaties between Washington and Moscow.

Unlike the previous treaties, Start 2 was completed in record time, little more than six months from the initialling of a draft in Washington by Presidents George Bush and Boris Yeltsin. Strategic arms limitations talks (Salt 1 and Salt 2) and Start 1 each took nearer a decade to complete.

Much of that six months was taken up with solving three main questions: could Russia keep some silos for its SS-18s, its largest missile, or how much should they be made smaller; to what extent could Russian SS-19 missiles be modified for single warhead use; and how easy should it be for US B1 bombers designed to carry conventional bombs to be modified to carry nuclear payloads.

Driving the negotiators on was the prospect of massive cost savings. The cuts come at an opportune moment for governments struggling to contain spending when revenues are falling as a result of the world's economic slowdown.

Some savings will be available to them quickly as procurement and modernisation programmes are cut.

However, there will be costs incurred too as the task of disposing of almost 18,000 nuclear warheads and their launch systems gets underway.

There are also likely to be job losses in some labour intensive parts of defence industry such as ship and submarine construction. In the UK, for example, pressure could be renewed to trim the £10bn Trident submarine programme.

Defence contractors in conventional arms are unlikely to benefit from the cash liberated by the contraction in nuclear forces, according to Mr Jack Mendelsohn, a former member of US Salt and Start delegations, now deputy director of the Washington-based Arms Control Association.

US spending on strategic nuclear weapons has in the past accounted for between 14 and 18 per cent of the Department of Defence budget. Cutting this in half would be a simple method for the incoming administration of president-elect Bill Clinton to cut costs.

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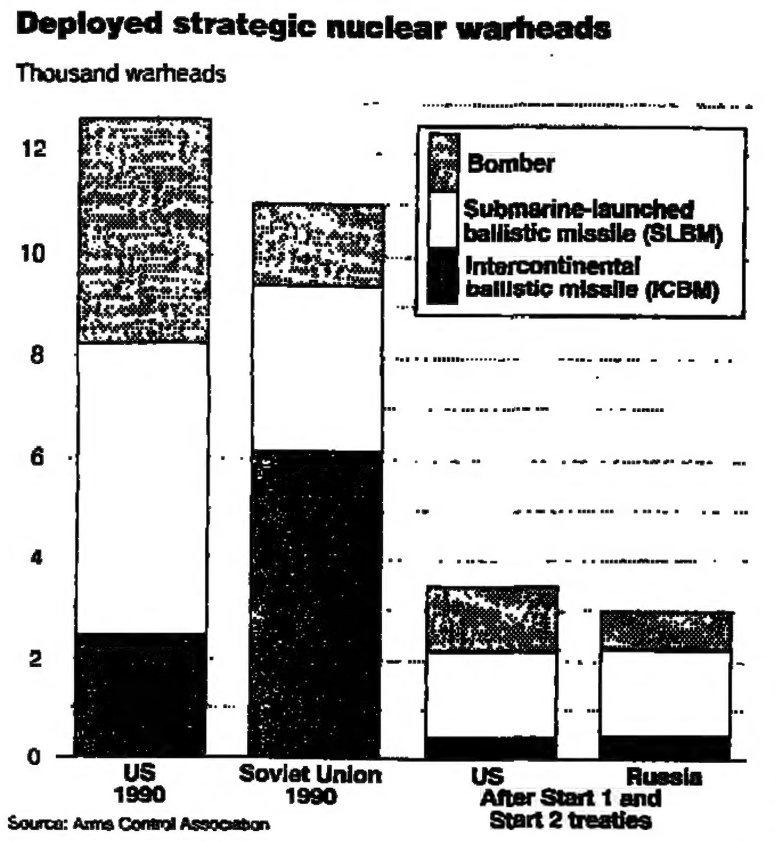
Deployed strategic nuclear warheads



Source: Arms Control Association

Yeltsin faces powerful opposition to treaty at home

By Leyla Boulton in Moscow

THE greatest problem for Russia will not be for President Boris Yeltsin to come to an agreement with President George Bush but to push the deal through possible domestic opposition and then to implement it.

Despite recently being accused by one opposition leader of falling into the "Gorbachev habit" of relying on foreign successes to boost his domestic popularity, President Yeltsin can still count on a measure of public support for signing a treaty which will abolish the world's most threatening class of nuclear weapons.

Mr Andrei Kortunov, a defence analyst at the United States and Canada Institute, said however that Start 2 faced a difficult passage through the Russian parliament, whose powerful chairman, Mr Ruslan Khasbulatov, had already voiced reservations about the treaty.

Mr Kortunov also foresaw objections within Russia's still mighty defence industry circles, including highly-placed supporters such as Mr Yuri Skokov, who now heads a special presidential body on Russia's foreign relations.

"It will be a question of bargaining – what will they get in exchange (for endorsing the treaty)," he said.

"They will probably want major investment (by the Russian government) in the modernisation of the remaining strategic arsenal."

It was also no surprise that the schedule for implementing the Start 2 treaty is to be tied to the availability of foreign assistance for implementing it. The silos containing the land-based missiles with multiple warheads are concentrated mainly in Siberia and just west of the Ural mountains, as well as near Russia's border with Ukraine.

A foreign ministry official said the main bottleneck in dismantling nuclear missiles under agreements reached so far was the storage of nuclear materials extracted from the warheads.

He said US and Russian representatives negotiating the use of $400m (£267m) credit approved by the US Congress had agreed on the design of a special storage facility to be built in Russia, but now had to agree on the details, including the location. "We will have to convince a local community to accept such a facility. The population is (environmentally) active nowadays – everybody says 'not in my backyard'."

He also said that talks would have to start with the Ukraine to iron out Ukrainian complaints in implementing its obligations under the Start 1 treaty.

Only yesterday a senior Ukrainian official told reporters that his republic needed ten times the amount promised by the US to help it get rid of its long-range missiles – and said that Russia should pitch in too.

China turns screw on France over fighter sales to Taiwan

By Alice Rawsthorn in Paris and Yvonne Preston in Beijing

FRANCE yesterday expressed regret at reports that China has banned French companies from a $1bn (£600m) subway project in the southern city of Guangzhou in protest against a reported sale of French fighter aircraft to Taiwan.

Li Ziliu, mayor of Guangzhou, yesterday told the Wen Wei Po newspaper that his city would "cancel all co-operation with France including plans to purchase key equipment" and would prohibit French companies tendering for subway contracts.

The threatened ban comes when Sino-French relations are under strain because of reports of the sale of 60 Mirage 2000-5 fighter jets to Taiwan. The Chinese last week ordered the closure of the French consulate in Guangzhou. The official Xinhua newsagency said in yesterday's People's Daily that the Mirage sale "wantonly trampled on the established norms of international relations".

Xinhua warned that "the French government's determination to serve its own parochial interests will force it to eat bitter fruit". This is the toughest diplomatic action taken by China in years and could seriously damage French business interests in the south, the fastest growing Chinese region and one of the fastest in the world.

The chief casualty of yesterday's threatened ban would be GEC-Alsthom, the engineering group owned by the UK's GEC and France's Alcatel Alsthom, which had hoped to win a $300m contract to supply rolling stock and telecommunications equipment to the subway.

GEC-Alsthom declined to comment other than to stress that it had "not received official notification" of the ban. The French government said it "regretted anything which would affect co-operation" with China.

The French have made strenuous efforts to forge commercial links with China. French exports to China were worth FFr6.3bn (£760m) in the first 11 months of this year, against Chinese imports to France of FFr17.2bn. But French companies have won substantial contracts in China. Alcatel Alsthom is currently also involved in the Daya Bay nuclear power project with the EdF electricity group and Framatome, the nuclear reactor concern.

US-Russian space joint venture

By Nikki Tait in New York

LOCKHEED, one of the largest US defence contractors, is joining forces with Khrunichev Enterprise, the Russian aerospace company, in a commercial space venture which will focus on the marketing of Khrunichev's Proton launch vehicle.

Under the deal, the two companies have set up a joint venture entity, called Lockheed-Khrunichev International (LKI). This will act as the marketing arm worldwide for the Proton launch vehicles and future derivative products. The financial details of the joint venture arrangement were not disclosed.

The companies said that the formation of LKI followed months of talks on potential co-operative business ventures, and that the US Department of State had provided an initial authorisation for the commercial space venture. Mr Viktor Chernomyrdin, the Russian prime minister, has also approved the link-up between the two companies.

Commenting on the joint venture, Mr Dan Tellep, Lockheed chairman, said that it should prove "a highly positive and forward-looking arrangement" that would benefit both sides. The Proton rockets are expected to compete strongly with European launch vehicles, notably the launch business of Arianespace, the French consortium.

Lockheed, which is headquartered in Calabasas, California, is a broadly-based defence company but its missiles and space company division is involved in the design and production of space systems technology, electronic systems and satellites. Yesterday, the US company's shares were up ⅜ at $57¼.

Britain to seek opt-out from EC employment code

By Catherine Milton, Labour Staff

MR MICHAEL FORSYTH, employment minister, is to seek an opt-out for the UK from the requirements of a European directive that has caused uncertainty in contracting out public services to the private sector.

The directive can prevent companies cutting the pay and conditions of staff they take on after mergers and acquisitions. Where an "undertaking" is "transferred", staff who transfer retain pay and conditions, except pensions.

There has been concern among companies and officials that the directive may apply in compulsory competitive tendering and market-testing in local and central government. Contractors and employers' organisations have called for clarification and there have been conflicting legal opinions in the absence of a firm ruling over where the regulations apply.

The government, which is pressing ahead with an extension of contracting out of Whitehall services, has dismissed the debate over the regulations as a "red herring" which will have, at worst, a limited effect on a few contracts. The 1981 Transfer of Undertakings (Protection of Employment) regulations were intended to implement the 1977 Acquired Rights directive in the UK.

Mr Forsyth will seek an opt-out from the directive under the year-long subsidiarity review launched by the European Commission at the Edinburgh summit.

The government has consistently rejected an extension of EC influence over employment matters and Mr Forsyth is keen to use the subsidiarity review of the proper responsibilities of national and European authorities to remove the merger-related employment protection measures. The employment department said: "Mr Forsyth will seek to have the directive withdrawn on the grounds of subsidiarity."

It is not clear that an opt-out will be possible: an annex to the Edinburgh agreement gives conflicting signals on the Commission's view on the application of subsidiarity to social policy. It says legislation based on article 118A of the Treaty of Rome will be excluded from the re-examination. The Acquired Rights directive is based on article 100. However, the same annex says: "Early steps will have to be taken to simplify and codify the body of older regulations on the free movement of workers."

The Trades Union Congress said the government was unlikely to win another "opt-out" over the merger-related protection. A TUC official said: "The government can scarcely take comfort in the Edinburgh summit which agreed to supplement European social legislation with additional measures and to implement all the provisions of the social chapter. It also limited UK demands that 71 European measures be withdrawn to 21."

Public bodies escape scrutiny says think-tank

By Alison Smith

A CRISIS in accountability is looming as an unelected elite assumes responsibility for many UK public services, according to a report published by the European Policy Forum, an independent think-tank, yesterday.

A "new magistracy" is taking control of services such as health and education, but its members are virtually unknown to the public and may not be required to provide information about their activities in the way that local authorities are, Professor John Stewart of Birmingham University, warned.

The shift towards unelected bodies is a reversal of moves in the 1880s, when the administration of counties was taken away from magistrates and handed over to elected local representatives.

Among the measures suggested to make up some of the "democratic deficit" is a bill of rights and a greater role for local councils.

The second study in the report warned that the new quangos in education were "notoriously unregulated by administrative law", and said education reforms had done little to enhance the role of parents.

TV franchise may be readvertised

By Raymond Snoddy

THE Independent Television Commission is prepared to re-advertise the Channel 5 franchise within months if a bidder comes forward with the necessary money.

Earlier this month the ITC rejected Channel Five Holdings, a Thames Television-led consortium, mainly on the grounds of what it described as insufficient shareholder commitment to the project and announced it would begin a review on what to do with the frequencies set aside for the channel - which can reach three-quarters of the UK population.

"If at the beginning of the review someone says we think we can do it and we know where the money is coming from then I think there is a re-advertising job to do fairly quickly", said Sir George Russell, ITC chairman.

Sir George did not rule out reconsidering Channel Five Holdings' original application if there was clear evidence withing a few weeks that the £175m needed for the project was in place.

"Can we do something immediately? I don't know. If the question is put to us we will have to test out what the law is and what the rules are," Sir George said.

Thames and its Channel 5 partner Time Warner, the US-based media group, are exploring the possibility of trying to raise the money within the next three months and asking the ITC to reconsider.

The bid foundered mainly because Time Warner was only committed to a 10 per cent stake on top of Thames's 35 per cent. A possible further 25 per cent investment by Time Warner was entirely dependent on main board approval. Other potential investors – Capital Cities-ABC and Cox, the US media companies; Pearson, owner of the Financial Times; and Associated Newspapers, publisher of the Daily Mail – expressed interest but not commitment.

"I actually think this is a marketplace failure because capital hasn't come for it [the opportunity]," Sir George said.

Seating room only at football's new Den

One of the first new all-seater football league stadium built in Britain since the 1990 Taylor Report on ground safety is begining to take shape on the skyline of London.

The Taylor Report was prompted by the Hillsborough stadium disaster which resulted in the death of 95 people in 1989. The government accepted its recommendations on seats in football grounds to improve safety.

Millwall FC's 20,000 all-seater stadium at Senegal Fields, south-east London (above), will replace The Den, nearby, with its 3,000 seats and 17,000 standing places. The Den was built in 1910 at a cost of £10,000.

The £15m project to build a "new Den" is on time for completion by the start of the 1993-4 season in August. The club's offices will be moving in May. The cost has been met with the help of £5m from the sale of the old ground, a £2.7m grant from Lewisham Council, and £2.75m from the Football Trust.

The new ground is multi-purpose and of the first 70 licensed events only 36 are football matches. The stadium will have 32 executive boxes, compared with just three at The Den, a hospitality suite for 500, and an adjacent sports centre. The projected capacity of the The Den as an all-seater stadium was just 11,000. Millwall is currently in Barclays League Division One.

Millwall Holdings, which runs the club, is one of only three league football clubs quoted on the stock exchange.

Britain in brief

Lloyd's brokers stretched to limit says study

Lloyd's brokers are "finding their resources stretched to the limit" by upheavals in the London insurance market, according to a study by De Lisle Jessup Scott, the insurance consultancy.

Capacity shortages caused by heavy insurance losses are at the heart of the problems facing brokers. The failure or withdrawal from the market of many small and medium sized companies means brokers are finding it more difficult to find insurance for their clients.

Extra expenses and declining volume is offsetting the beneficial effect of recent increases in premiums and brokerage commissions.

Brokers specialising in the retrocession – reinsurance of reinsurance – market, which has been decimated by a string of big catastrophe losses, face the toughest problems, but energy and marine brokers are also badly affected.

Union power

Only 24 per cent of the public believe that unions are too powerful, the lowest figure since regular polling on attitudes to unions began in 1975, according to a Mori poll for the GMB general union. For the first time since 1975 fewer people – 34 per cent – agree that trade unions are controlled by extremists and militants than disagree – 42 per cent.

Recovery in confidence

Business confidence recovered sharply between October and December but a further cut in interest rates is needed to pull the economy out of recession, according to the Institute of Directors.

The Institute's latest two-monthly survey found that the proportion of business leaders who were more optimistic about the economy compared with six months ago increased to 38 per cent last month from 10 per cent in October. There was an especially strong rise of confidence in the Midlands, where half of directors were more optimistic.

The proportion of directors who were less confident fell from 67 per cent to 36 per cent, making a positive balance of those more optimistic over those less optimistic for the first time since June.

Retailers urge caution on sales

Shoppers continued to flock to the sales but retailers warned against reading too much into sales figures from the last two days. Many said Monday's high turnout resulted largely from the good weather and the bank holiday.

North Sea oil output rises

North Sea oil production last month was the highest November level for four years, the Royal Bank of Scotland said. Higher production and the continuing effects of the fall in sterling pushed the value of North Sea output to £25.5m a day, nearly £1m a day up on October.

Mixed priorities

Companies are more likely to give time off for military training than for paternity leave or cervical cancer screening, according to a survey by the Confederation of British Industry, the employers' organisation. Nearly 60 per cent of companies in manufacturing and service industries give up to 10 days leave for military training, but paternity leave "falls some way behind."

Unit trusts

Unit trust funds under management rose to a record £61.95bn in November, according to figures from the Unit Trust Association. The £253m net inflow was the highest for any month since September last year, and may have been boosted by savers transferring out of building societies following last month's cut in the base rate to 7 per cent. The Building Societies Association saw a net outflow of £184m for the same month.

Critics are forcing business schools to re-think the way they approach the MBA qualification, says Allan Bolton

Successful to a degree

The Master of Business Administration qualification, once seen as the indispensable element in senior managers' and companies' development plans, is no longer the only way ahead for ambitious executives.

The harsh international business climate has prompted some companies to ask why business schools continue to turn out highly numerate and analytically able graduates – "quant-jocks" – who seem unable to exercise the arts of management and dealing with people.

Part of the problem stems from the way MBA courses are structured in the US, where the degree originated. Its business schools now produce more than 70,000 graduates every year.

US business schools vie with one another for official accreditation. The previously rigid criteria imposed by the main US accrediting body had led to undifferentiated programmes. Critics of the MBA system in the US have raised a number of questions:

- Why do business schools persist in emphasising case studies (made famous by the Harvard Business School) which analyse yesterday's issues?
- How can the MBA adapt to the demands of a complex global business environment instead of a stable home market?
- Will the schools produce chief executives capable of leading businesses which can meet society's higher standards on ethical and environmental matters?
- Where are the leaders capable of negotiating complex joint ventures with foreign companies and of motivating increasingly diverse, multicultural workforces in the US?

The situation in the UK is different because British MBAs were essentially an unknown quantity until the early 1980s. British business schools also have more diverse curricula.

Nevertheless, some employers are disillusioned. A survey by Her Majesty's Inspectorate last year of 52 companies and those business schools in the former polytechnic and college sector uncovered widespread doubts about course quality, language and information technology training, and personal skills development.

The MBA provision received support from only a minority of employers. Most saw it as irrelevant to the needs of their companies. There was concern about the growing number of institutions which offer the qualification. It was felt that some teaching staff lacked relevant business experience. Doubts were also expressed about the quality of some courses.

The lack of an accreditation body, such as the American Assembly of Collegiate Schools of Business, leaves UK providers vulnerable to such charges. Only 27 UK business schools are recognised by the Association of MBA's. But there are 116 institutions offering MBA programmes, in spite of the difficulties in recruiting teaching and research faculty in subjects such as accounting and marketing.

A shake out is a real possibility. The recession is held responsible for a recent fall-off in applications. Students paying full fees favour the leading business schools, but even these have placed expansion plans on hold. Smaller, less well-known providers may have to withdraw from the MBA market altogether.

It is a common misunderstanding that the MBA is a quick-fix conversion course, allowing students to tick off the acquisition of knowledge in functional areas – marketing, accounting, finance, production – and then graft on a strategic management component derived from prepared case studies. Some second-rate programmes may achieve little more.

The better programmes, however, provide education rather than training, personal development rather than technical expertise. They recognise that, in the time available, it is impossible to teach advanced specialist knowledge of the functional areas: this is the preserve of a few of the leading graduate schools. Instead they ensure that students receive adequate grounding in finding ways of crossing artificial corporate internal barriers and of identifying strategic solutions.

Most programmes culminate in a consultancy project in which students participate either individually or in small teams. Managers taking part-time MBA programmes are likely to work in their employing organisation on a problem which would otherwise be neglected or handed to consultants.

Business schools can produce powerful evidence of the value of MBA programmes – and not just in terms of the salaries their graduates are likely to receive. Managers taking a full-time course are often career-shifters, seeking to move into different functions or organisations.

Those sponsored by their employer are often seen as potential high-fliers. They study while remaining in their jobs, moving in new career directions during or after completion of the MBA.

Recent changes in MBA programmes promise greater relevance to corporate needs. Flexibility of provision has become the watchword. In addition to the traditional 21-month programmes of the London and Manchester Business Schools and 12-month programmes offered by most providers, there are modular courses for a consortium of companies or for a single company (such as Lancaster University Management School's MBAs for British Airways and VSEL). There are also distance learning programmes, some with world-wide student participation.

Most significantly the leading business schools can point to their graduates who embody the knowledge and skills required in modern management. There have been advances in teaching the management of information technology as well as in the availability of hardware. The curriculum is constantly reviewed in most schools.

Again the American parallel is instructive: most leading US schools have recently completed a fundamental review of their curriculum.

De-regulation of the curriculum in the US, together with successful innovation in European business schools, is creating a competitive international environment. Leading US schools recruit European students and some European schools reciprocate, while both look to Asia for highly-motivated students.

Perhaps the most encouraging trend is away from injections of knowledge and facts towards integrated study based on practical projects requiring the student to analyse, reflect and develop rounded management aptitude. Some desirable attributes – leadership ability, motivation, breadth of vision, global awareness, coping with ambiguity – cannot readily be taught; but the best business schools have demonstrated that they can facilitate their development.

These trends suggest that the MBA will continue to serve as the standard international qualification for those intent on becoming senior managers. The threat, however, is that some corporations are developing their own management education programmes without a commitment to specific business schools. Top business schools not only need to offer quality MBA courses, but they must also include pre-MBA and post-MBA provision.

The author is School Administrator at Lancaster University Management School and holds an MBA from Aston University

MBA annual UK graduation numbers

mid 1980s 2,000
1992 10,000

	Full-time MBAs	Part-time MBAs
Average age of graduates	30	35
% of women	23	18
% holding first degree	83	77
% with 6+ years work experience	57	73
% graduates gaining positions in consultancy, marketing, general management and finance	60	44
Pre-MBA: % earning		
under £20,000	49	
£20,000–£30,000	35	
more than £30,000	14	
Post-MBA: % earning		
under £20,000	12	
£20,000–£30,000	41	
more than £ 30,000	44	

Source: The MBA Experience - The Reality behind the Myth (Assoc of MBAs)
Based on a survey in 1989-90 of MBA students in 28 AMBA-accredited UK business schools

Bulgarian entrepreneurs cash in on capital ideas

Virginia Marsh and Theodor Troev report on the early success of market initiatives

In 1989 Irona Komitova and her colleagues were called "happy suiciders" by sceptics who doubted their ability to encourage market sector initiatives in Bulgaria.

Three years on they work in smart offices in the centre of Sofia, having successfully created Bulgaria's first private bank, launched a string of business newspapers, set-up an insurance company and initiated several key pieces of commercial legislation. Their organisation also acts as a voice for the country's emerging entrepreneurs.

Komitova, aged 33, is a founder member of the Union for Private Economic Enterprises which was formed in 1989 on the initiative of Valentin Mollov, a Sofia lawyer.

Mollov started the UPEE by asking for volunteers on a local radio station. About 600 would-be entrepreneurs, including Komitova, then working at a steel institute, turned up at the first meeting.

"Even before the fall of the Zhivkov (communist) regime in November 1989, we had had Law 56 which permitted individuals to set up private companies. Mollov had the idea of bringing these people together," she explains.

A core team of seven emerged with Komitova becoming secretary general, a post she still holds.

Within five months, the UPEE had launched First Private Bank. "We played an 'incubating' role for the bank. We approached the legislature to amend the constitution which did not allow private banks. We organised the share subscription and publicised the necessity of a private bank in the press," Komitova says.

The bank, which lends mainly to private companies, now has more than 70 branches and 650 employees.

The UPEE also launched a weekly business newspaper. "We called it 168 Hours – the number of hours in the week," Komitova says. "We wanted to get across the idea that a market economy means hard work and that private businessmen are responsible for their companies seven days a week." The group launched another business newspaper, 24 Hours, in 1991. Within two months it was Bulgaria's top-selling daily.

"Independent information about the market economy is essential in a country like Bulgaria which had one of the most closed communist regimes," Komitova says.

According to the UPEE, another leftover from the past is the state's attitude towards entrepreneurs.

"The government has been slow to facilitate the financing and new legislation that private business needs", she says. "Privatisation of state companies should not be presented as the only way to a private sector. We encourage entrepreneurs to set up their own companies – it's easier and cheaper."

The UPEE lobbied successfully for the corporate tax rate to be reduced from 50 to 40 per cent. It has also helped to draft legislation, including laws to govern small- and medium-sized companies.

The UPEE leaders have not concealed their new-found riches. They all have shares in First Private Bank. Some have developed their own projects. Dimiter Zvezdev, UPEE vice-president, for example, owns a computer plant in Singapore.

"We've been open because we want to promote the idea that it's not a vice to be rich," Komitova says. "Historically, Bulgaria has been more conservative than the central European countries. We've had fewer examples of what private initiative can achieve."

But there is still disbelief that the group has earned its profits legally. UPEE companies have been investigated several times for alleged tax fraud.

"Government officials cannot understand that certain types of businesses can make really big money," says Petyo Blaskov, editor-in-chief of the 168 Hours press group.

Komitova also believes UPEE has been targeted because it is critical of government policy. It has called for faster privatisation, for a bankruptcy law to be passed and for state enterprises, which control 95 per cent of industry, to be managed more professionally.

"The biggest problem private entrepreneurs face is the country's shortage of funds available for investment. Our large external debt has made it hard to raise much foreign capital," Komitova says.

"It's been encouraging to see the successes of some of our first members. But overall, for private companies in this country, it's still a struggle to survive."

Television in 1992/**Christopher Dunkley**

A generous dose of dramatic adaptations

FOR television the year which ends tomorrow has been much like any other. In one respect at least: a large part of the middle class intelligentsia, the chattering classes, call them what you will, continued to complain throughout the year that "There's nothing on television these days, is there? It's all rubbish, isn't it?" From the first week of 1992 when Channel 4 brought us the superb autobiographical mini-series *An Angel At My Table*, charting the extraordinary life of New Zealander Janet Frame, to the end of the year when BBC2 was giving us Jennifer Saunders' wickedly accurate comedy about the world of fashion PR, *Absolutely Fabulous*, the chorus remained at full volume: "Just nothing on these days, is there . . ."

Television is a huge grab-bag, a monstrosity of a medium, even more multifarious than print. Of course much of it is appalling. The flops of 1992 included a drama on BBC1 called *Moon And Son* in which *Millicent Martin* played the psychic owner of a market stall whose son was also in the business. Other duds included the *Nicholas Craig Masterclass* on BBC2, a joke about taking yourself too seriously which might have sustained a five-minute skit but was, unbelievably, stretched out to fill an entire series. It took itself far too seriously. It was BBC2 again which messed about with *The Young Musician Of The Year*, turning what had been a great pleasure into a great trial. Many former enthusiasts switched off. Astonishingly it was also BBC2 which brought us *Ps And Qs*, an "etiquette quiz" which made anybody who knew anything at all about the subject writhe with embarrassment, while failing utterly to inform those who did not.

The biggest boo-boo of the year was BBC1's new soap 'Eldorado'

The Velvet Claw on BBC1 was that rare phenomenon, a bad wildlife series. ITV's new *Maigret*, despite having Michael Gambon in the title role, was frequently compared, detrimentally, with the BBC's famous black and white series starring Rupert Davies. But the biggest boo-boo of the year was BBC1's new twice-weekly soap opera *Eldorado* which was set in Spain among expatriates and a few foreigners and was supposed to win big ratings with its formula of sun, sangria and sex. Instead it entered the BBC1 Top 30 in July with an audience of 10 million, slid to seven million by October, fell off the bottom of the list, and has not reappeared since.

Yet it is surely no great surprise if there are some disasters in a medium which now offers all of us four terrestrial channels, operating day and night, and attempts to cater for the entire population, young and old, rich and poor, clever and not so clever. The surprise – and it is strikingly obvious to anybody who travels the world even a little and has a look at what television manages elsewhere – is that British television sustains such a high success rate.

Take drama. In January ITV brought us a two-part dramatisation of Fay Weldon's novel *The Cloning Of Joanna May* with memorable performances from Patricia Hodge and Brian Cox. It would have been a peculiar viewer who could watch Part 1 and then forego Part 2. February offered Channel 4's adaptation of *The Camomile Lawn*, Peter Hall's first effort at directing a television series. The cast list alone would have caused queues round the block for any West End theatre: Felicity Kendal, Paul Eddington, Claire Bloom, Rosemary Harris, Richard Johnson (who turned out to be flavour of the year) and Virginia McKenna. There was lots of rumpy pumpy, not only on the eponymous grass, but upstairs and downstairs and in my lady's chamber. Generally speaking it did seem in 1992 as though the British were becoming a little more relaxed about sex and a little less happy about perpetual violence on screen, which is a move in the right direction.

In February Channel 4 offered us Peter Hall's first efforts at directing on television, 'The Camomile Lawn'

In March BBC2 treated us to a hugely enjoyable adaptation (yes, another adaptation) of Kingsley Amis's *The Old Devils*, and May brought one of the major contenders for the year's prizes, ITV's three-part adaptation (yes another . . .) of Angus Wilson's *Anglo-Saxon Attitudes* which once again starred Richard Johnson. It also starred Douglas Hodge who managed to take the lead simultaneously in BBC1's adaptation (yes . . .) of Ruth Rendell's *A Fatal Inversion*, a story which, looking back from the year's end, seems to have been pretty nasty. Yet it was undeniably a gripping production. The idea that there is "Nothing on television" in a week which – apart from everything else – offers two such distinguished dramas surely suggests something more serious than ennui in the viewer.

The autumn season was equally generous, and this time all the best material was written specially for television. *Downtown Lagos* was an eccentric three-part BBC2 production about the English legal system and colonialism, or possibly drug smuggling and racism, or perhaps all four. On the same channel *Nice Town* was, most unusually, a piece of true satire – ridiculing the hypocrisy and priggishness of British suburban life – and as such seemed to be widely distrusted and disliked. A later generation may find it funny and telling. BBC1's *Look At It This Way* had an an attitude that was sometimes equally sardonic, plus the advantage of good location filming in yuppy London. But the best of the autumn bunch was BBC1's *Between The Lines*, a series about an internal police investigation body which provided a new foreground story each week while following background threads throughout the 13-part series. This is another potential award winner.

Single dramas were more scarce than ever, and most of the few that did appear were better described as films. My shortlist contains only one non-BBC2 title: Channel 4's *A Sense Of History* consisting of a single virtuoso performance by Jim Broadbent. He played what seemed at first to be a completely conventional English aristocrat, only slowly revealing himself to be completely loopy and a murderer. Screen 2 accounted for practically all the other impressive single dramas. *The Last Romantics* was an astonishingly successful piece about F.R. Leavis and in-fighting among Cambridge academics; and *An Ungentlemanly Act* gave a graphic account of the extraordinary events at the start of the Falklands war involving the governor, Sir Rex Hunt.

With all that on offer solely from the drama departments, what could anybody mean by saying "There's nothing on"? There were *Winter Olympics* and *The Olympics*, a *Cricket World Cup* which helped Sky sell lots of satellite dishes, though they won few friends with their far too frequent commercial breaks, and in BBC2's *Grand Prix* we watched Nigel Mansell finally win the Formula 1 World Championship. The March election campaign became notorious for Jennifer Bennett's glue ear, the subject of one of Labour's party political broadcasts, and for John Major's decision to abandon all the ploys of the spin doctors and revert to a soap box. This was the general election where the worm turned and television began to analyse in detail the politicians' attempts to exploit the medium.

The programmes intended to mark the 500th anniversary of Christopher Columbus's famous voyage were pretty lacklustre, but good work was done in Spain. *Fire In The Blood* was an outstanding BBC2 series which conveyed an amazing amount about the Spanish people and their country; *Coast Of Dreams* an excellent pair of Channel 4 programmes about the British connection; and *Floyd On Spain* – BBC 2 again – was the best set of cookery/travel/folklore/wine/architecture and gags programmes yet made by Keith Floyd whose series get better and better.

Three utterly contrasting productions would have to compete for any prizes in the Documentary Series category. *Perpetual Motion* was a collection of fond reports on BBC2 of long-lasting vehicles such as the Morris 1000 and the FX4 London cab; in *Brother Felix And The Virgin Saint* Bamber Gascoigne offered highly entertaining reports on European tourism in the 15th century (rules for pilgrims included "Don't paint your coat of arms on monuments") on Channel 4; and *The Kennedys* was ITV's autumn series of classic documentaries about the No. 1 political family in the US.

Virtually all the BBC's regular series produced at least one more-than-usually-impressive programme. *Inside Story* screened an important up-date on "Bloody Sunday"; *Timewatch* showed how "Bridge On The River Kwai" marginalised the significance of Asian prisoners in the building of the Burma railway; *Bookmark* combined drama and documentary flawlessly to describe "Miss Pym's Day Out"; *40 Minutes* told the story of Radio Luxembourg in "Farewell Fab 208"; and the *Video Diaries* series included one of the most poignant documents of any year when it showed the material shot by an Albanian doctor about the pitiful state of his country. Then in October Kenneth Griffith finally managed to bring to the screen an account of the life of one of his heroes in *Roger Casement, Heart Of Darkness*.

There is another category of programmes which becomes increasingly important and might, perhaps, be called "Current Affairs Series" since they deal with the present rather than the past. *The Racing Game* on BBC2 in May was far more interesting about horse racing than any non-enthusiast might have dreamed possible. *States Of Mind* in August, also on BBC2, was fascinating on attitudes and lifestyles in the US. Some programmes in the *Video Diaries* series already mentioned were less successful than others, but generally this was a triumphant use of amateur video at a time when such footage is exploited more and more elsewhere on television for embarrassment series. Highly original and worryingly revealing was BBC1's autumn series *Off The Back Of A Lorry* in which Mike Scott and a large lorry criss-crossed Europe investigating the way that the new regulations operate (almost invariably against British interests).

Two types of programme which have often been so strong in Britain – comedy and arts – were less impressive in 1992. But nearly everyone seemed to enjoy *Absolutely Fabulous* on BBC2, especially Joanna Lumley's performance as the drunk sidekick. The only other notable newcomer was *The Big One* in which Sandy Toksvig got away with some of the most explicit gags ever used on British television either because nobody understood them or because nobody believed such a sweet little thing could be so rude. The other good series – *Red Dwarf*, *Waiting For God* and *Have I Got News For You* – all began before 1992.

There was even less originality in the arts. As usual several editions of ITV's *South Bank Show* remain memorable at year's end: one which deconstructed the "Sgt Pepper" recording; and another that looked at the lives of two young female stars in the Royal Ballet. *The Late Show* on BBC2 maintained its standard though as ever it sometimes felt like a private club. If you had to name an arts series of the year it would probably be Channel 4's *Without Walls* which proved with its treatment of "The End Of History", Shakespeare's sexuality, and much besides that there are really no limits to what can be described as "art and culture".

The steady growth of tabloid TV continued, manifested largely in a passion for "real life" crime stories. BBC1 gave us *Crime Limited* and *999*, and ITV contributed *Michael Winner's True Crimes* and *Crime Story*. In July ITV launched a morning studio series called *The Richard And Judy Show* which was like an electronic edition of "Peg's Paper" and in October BBC1 dutifully followed suit with *Good Morning . . . With Anne And Nick*. Channel 4 disregarded its famous "remit" and launched *The Big Breakfast Show* which took the "television for morons" notion further than ever before.

Deaths are always sad, but the 1992 list seemed even more so than usual. Frankie Howerd and Benny Hill, two of the greatest clowns of their generation, died within 24 hours of one another in April. In June, Juris Podnieks was killed, apparently while scuba diving on holiday, a terrible irony for a man who had come so close to death so often while filming the collapse of the communist regimes in the Soviet Union. It was Podnieks who brought us the outstanding series *Hallo, Do You Hear Us?* Then in December, only six months after retiring, Dan Maskell, the voice of Wimbledon, died.

Will 1993 be as good for the viewer as 1992? It seems unlikely

Tomorrow will see the last of TV-am across the country, Thames Television in London, TVS in southern England, and TSW in the west country. On Friday they will be replaced by a new ultra-competitive market driven ITV. On the same day John Birt will take over from Sir Michael Checkland as director-general of the BBC and will begin his self-appointed task of overseeing the decline of BBC audiences by one third.

Will 1993 be as good for the viewer as 1992? It seems unlikely. True, the British have muddled through to remarkably effective broadcasting systems, producing, more by luck than judgment, structures and organisations which have served us peculiarly well. But load too much on her back and even Lady Luck will stumble and fall. Perhaps 1993 will be the year when we really shall have cause to say "There's nothing on television these days, is there?"

New brooms and contemporary music

Andrew Clements stresses the importance of the BBC in commissioning new works

There is no doubting the single issue that exercised British music lovers most strenuously during 1992. Elevated from the ranks of music critics to become the BBC's Controller of Radio 3, Nicholas Kenyon set about making the network more approachable and user-friendly, and immediately brought the massed forces of reaction down upon his head. There was, he claimed, no intention of diminishing the breadth and depth of Radio 3's music and drama output; the perceived threat to his audience was the imminent arrival of Classic FM, the first nationwide independent radio station and the first promising to devote itself to "classical" music.

Kenyon's innovations, brightening up the travel-time programmes with more news and chat, replacing hardened Radio 3 announcers with "personalities" and mixing and matching the late-night schedule with reviews and interviews, were all in place well before Classic FM hit the airwaves. When it did one could only wonder why he had worried so much; anyone with half an ear for serious music was quickly repelled by the mixture of ignorance and incompetence that packaged the bite-sized chunks of easy listening on the commercial station; Radio 2's audience rather than Radio 3's was surely the target.

If in retrospect Kenyon's hasty changes look the result of a panic attack on either his own part or that of his paymasters, listeners have been left with the consequences for good or bad. Time will doubtless heal the worst scars of the cosmetic surgery to the network, though the emetic effects of Sunday mornings' stream of cosiness will take a very long time to overcome. In general terms anything which increases the discourse on the arts is a good thing, provided it is well-informed discourse and not softened and sanitised for BBC consumption.

There remain, though, some worryingly grey areas in the Kenyon plan. Certainly Radio 3 drama seems an endangered species, and the future for contemporary music on the network seems a precarious one; it is easy to envisage it shunted off into the late-night "cross-over" programmes where art music and rock and pop can lie together in blissful ecumenical union. That may be good news for the currently trendy holy minimalists – Tavener, Pärt, and Gorecki (a particular Kenyon favourite) – but hard on the mainstream which lacks a popular, record-buying following; to be shunted off into the ghetto of "Music in Our Time" seems an increasingly uncertain fate. Already the BBC's winter week of contemporary music at the Barbican has been abandoned, reduced to a weekend of more accessible 20th-century music – concerts of Alban Berg last January, Janáček this time – the splendidly valuable surveys of Berio and Stockhausen, Henze and Birtwistle are now things of the past.

In the current climate the extent of the BBC's role in actively fostering contemporary music will surely come under further scrutiny before too long. Doubtless the major orchestral commissions will survive; they will be fitted into the showcase of the BBC Symphony Orchestra's South Bank concerts (which are undeniably benefitting this season from Kenyon's policy of single-price tickets) and at the Proms, while the regional orchestras too will continue to get their quotas of new works.

Where the BBC commissioning policy does much of its most important work is precisely where it is most vulnerable – in the "hidden" commissions, the works that are commissioned for performance by independent ensembles and soloists and receive their premieres under BBC auspices in a wide variety of invitation concerts and studio sessions. It would very tempting for a financially embarrassed BBC to reduce this expenditure drastically, and almost impossible for anyone outside the organisation to quantify the loss of revenue to composers, those less well-known and up-and-coming figures who need this kind of unglamorous encouragement. Just how essential the BBC remains to the vitality of new music in this country is demonstrated by three of the most impressive British orchestral scores of the year, all commissioned by the corporation – Colin Matthews's *Broken Symphony*, Simon Holt's viola concerto *walking with the river's roar*, and David Sawer's *Byrnan Wood*.

These and the *tour de force* of Dominic Muldowney's Violin Concerto aside, it was an undistinguished year for British composers – Tippett's new work, a fifth string quartet, was a sad disappointment, Birtwistle's wind and piano quintet failed to materialise, the younger generations paused for breath. Yet in Europe as a whole there was much to admire, not least the definite emergence of the Finns Magnus Lindberg and Kaaija Saariaho as composers of real international stature. *Dienstag*, the latest instalment of Stockhausen's *Licht* project, was the familiar infuriating mixture of vivid musical invention and absurd, heavy-handed theatricals, while the retrospective of Luigi Nono's late works mounted at the Holland Festival was a marvellous tribute, crowned by a performance of his unclassifiable, evening-long *Prometeo*.

Highlight of the year, though, was the premiere in Hamburg of Wolfgang Rihm's theatre piece *Die Eroberung von Mexico*, perhaps the finest new opera since Birtwistle's *The Mask of Orpheus* and like that work a marvellous mingling of myth and magic, underpinned with music of sensuous beauty and immense power. In some shape or form it really must be heard in Britain before too long, even perhaps under the auspices of the BBC.

FINANCIAL TIMES

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Wednesday December 30 1992

Arms control after Start

MANY PEOPLE'S first reaction, on reading that the US and Russian foreign ministers yesterday reached agreement on "a historic nuclear arms reduction treaty", may well be to think that an item from a few years back has somehow got itself reprinted. The age of such news reports seemed to have ended with the dissolution of the Soviet Union a year ago.

Yet only two weeks ago in Stockholm Mr Andrei Kozyrev, the same Russian foreign minister who initialled yesterday's agreement, sent shivers down spines with an unorthodox but rather effective hoax speech, giving the world a foretaste of what it should expect from his successor if anti-western forces in Russia were to regain the upper hand.

That is certainly not to be ruled out, and the new agreement (which will not be fully implemented until the year 2003, or at best 2000) reminds us that Russia remains by far the west's most formidable potential adversary; so much so that the US can envisage cuts amounting to 50 per cent of its strategic budget, or nearly 10 per cent of its total defence budget, on the basis of reciprocity with Russia alone.

Implementation cannot be taken for granted. Even if Mr Kozyrev's fears are not realised, and power in Moscow remains in the hands of people committed to reform at home and co-operation with the west abroad, the task of decommissioning so many strategic weapons will tax Russia's financial, technical and administrative resources to the limit; indeed, it is already asking for US assistance, which for this purpose Congress will probably be happy to provide.

Last of its kind

In any case, it can safely be assumed that this agreement will be the last of its kind. It marks the limit of what can be achieved by a bilateral US-Russian arms control process. From here on, nuclear arms control will be multi-lateral, as conventional and chemical weapons control already is. Already it would be true to say that the officially recognised nuclear powers are much more worried by the danger of proliferation than they are by the size and nature of each other's arsenals.

This danger takes two forms. The classic one, which inspired the Non-Proliferation Treaty (NPT) is the danger that hitherto non-nuclear states will acquire nuclear weapons. This danger has been significantly increased by the collapse of the Soviet Union and the rapid run-down of its defence industries. While there is as yet no evidence that ready-made nuclear weapons are being sold to third-world countries, there can be little doubt that nuclear materials and above all skilled technicians are finding their way there.

Intense eagerness

The more novel danger is that new nuclear powers may be coming into existence by political fission as the former Soviet Union breaks up. During the past year much American effort and ingenuity has gone into heading off this danger by trying to ensure that ex-Soviet republics other than Russia renounce any nuclear pretensions. This effort was facilitated by the fact that most if not all Soviet nuclear weapons, wherever located, were under the control of Russian personnel; and also by the intense eagerness of all the ex-Soviet republics for western recognition and support.

As far as short-range weapons are concerned, the effort has seemingly succeeded: by last May the US and Nato were able to certify that all such weapons had been "repatriated" to Russian soil. But uncertainties persist about strategic weapons in Ukraine, and to a lesser extent in Kazakhstan and Belarus.

Though all three of these states have promised to sign the NPT, none has yet done so; and Ukraine has yet to ratify the protocol associating it with the 1991 US-Soviet Strategic Arms Reduction Treaty (Start). None of these states can properly be called a nuclear power, in the sense of having operational command and control of the weapons on its territory, but Ukraine at least has the capacity to become such a power.

So far, it is unclear whether Ukraine's leaders are merely holding out for more western aid or whether they wish to retain the option of building a nuclear deterrent to safeguard their national independence. Either way, the west's interest must be to persuade them that Ukraine's security can be better ensured by other means.

Time to act on Sunday trading

THE FRENZY of the new year holiday sales is as good a time as any to reflect upon the illogicalities of the laws which govern shop opening hours in Britain. Shortly before Christmas, the European Court of Justice ruled that the UK's restrictions on Sunday trading were not invalid under the Treaty of Rome. That leaves the thousands of stores which currently open on Sundays in breach of the Shops Act 1950. It also allows zealous local authorities free rein to seek injunctions stopping such stores from opening on Sundays. Now that there is no doubt about the validity of the Shops Act, the reform of this archaic, unworkable and unpopular law is a priority.

The government has promised to bring forward legislation to reform the Sunday trading law early in the new year, but on a leisurely timetable. The new legislation is unlikely to be in place much before 1994.

Following the defeat of a previous attempt to deregulate shopping hours in 1986, at the hands of a skilful alliance of sabbatarians and shopworkers' unions, the government plans to offer parliament three choices:

- Reform of the Shops Act to preserve the current restrictions while tidying up some of the more bizarre anomalies.
- Partial deregulation to allow small shops complete freedom to open on Sundays while restricting the opening hours of larger stores.
- Total deregulation – as has already happened in Scotland.

Obvious danger

This approach has the merit that a government with a small majority does not stick its neck out too far, but it also courts an obvious danger, that none of the three options will command majority support, so preserving the Shops Act.

Anything less than full deregulation would be a mistake: partial measures will inevitably throw up further anomalies like those which have cast the Shops Act into disrepute. Currently the courts are required to fine shops selling bibles on the sabbath while permitting the sale of pornography.

Complete deregulation is right because it allows individuals a choice otherwise denied. For shopowners, Sunday opening offers the opportunity to make more efficient use of capital. They can also compete against other attractions for the consumers' money - garden centres and DIY stores closed on Sundays lose business to cinemas, restaurants and pubs.

Equally, many people who work Monday to Friday welcome the freedom to shop on Sundays rather being forced to join the Saturday rush. This is why 16m people have taken advantage of Sunday shopping since the law was thrown into confusion. There is no reason why they should be denied this convenience, so long as shopworkers who prefer not to work on Sundays are not compelled to do so.

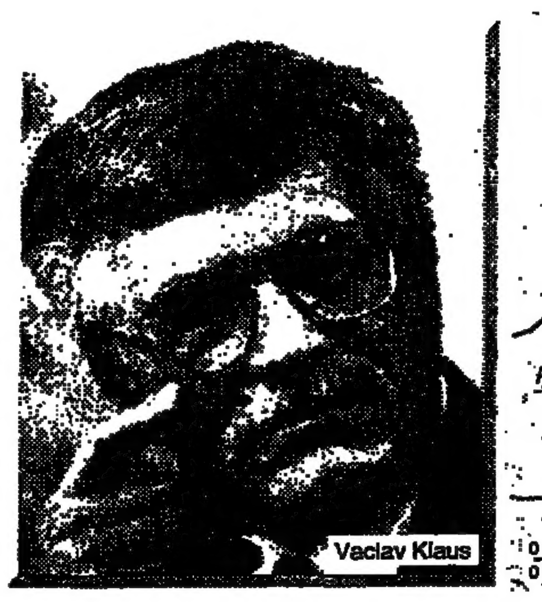
Coalition for change

The question for the government's business managers should be how best to achieve the desirable objective of full deregulation.

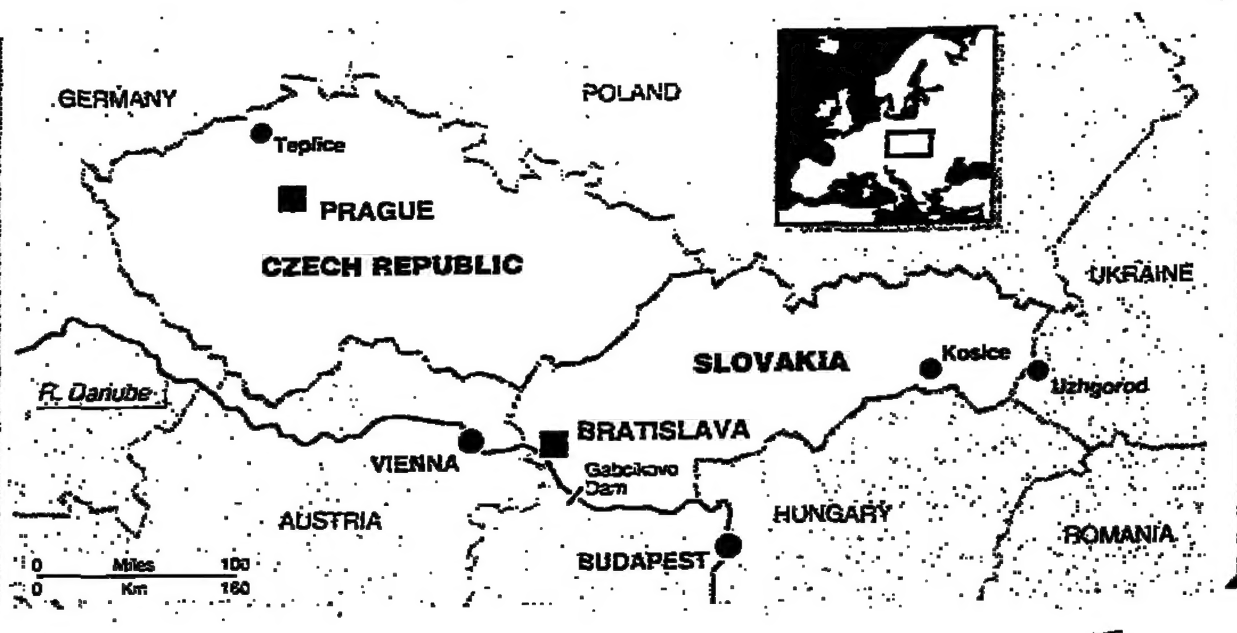
One possibility might be to draw Labour into a coalition for change by working at the legal protection available to prevent staff being forced to work on Sundays or disadvantaged if they decline requests to do so. This is not a simple matter, but there are precedents in employment protection law to encourage the belief that the task is possible.

Another tactical gambit might be to provide local authorities with the power to hold referendums on the issue of Sunday trading in their own areas. This device has been used, successfully, to test opinion on pub licensing hours and, it is easily forgotten south of the border, Scotland has already liberalised Sunday trading with no perceivable ill consequences. Such referendums could easily be held on the same day as council elections and would have the added advantage of adding some genuine local issue excitement to these contests. Those in favour of deregulation would have reason to be confident of the outcome.

But, however the government assembles a majority, it must act fast, the European Court of Justice ruling removes the last alibis for inaction. Speedy deregulation of Sunday shopping hours should be one of the government's new year resolutions.



Vaclav Klaus



Vladimir Meciar

Parting is such sweet sorrow

As Czechs and Slovaks separate, their two states will be hard-pressed to maintain their identities, says **Anthony Robinson**

"It all began with a war of words over a hyphen," recalls Rudolf Filkus, who will be Bratislava's first ambassador to Austria when the Czech Republic and Slovakia go their separate ways on Friday. He was referring to the bitter debate over the name of post-communist Czechoslovakia which followed the brief euphoria of the "Velvet Revolution" three years ago.

Czechs from the historic provinces of Bohemia and Moravia, who make up two-thirds of the dying federation's 15.6m population, thought it would be sufficient to drop the word "socialist" from the official title of the federal state and add a hyphen to create a simple "Federal Republic of Czecho-Slovakia".

Months of anguished debate later, the hyphen idea was dropped and both sides finally approved a renamed Federal Republic of Czechs and Slovaks. By then, however, no one could ignore the depth, or at least the decibel level, of Slovak resentment. It is the bitter fruit of centuries of subservience to powerful Hungarians under the Habsburg empire, only to be followed by seven decades of playing second fiddle as junior partner to the more populous, richer, ethnically closer, but condescending Czechs.

It took the emergence of a stocky former boxer with a communist past to channel Slovak resentments into a nationalist movement, the Movement for a Democratic Slovakia (HZDS), which promised to make Slovaks master in their own house and respected abroad. For Mr Vladimir Meciar, the HZDS leader, victory in last June's general election was seen as a mandate to negotiate a new and more equal relationship with the Czechs, and to pay off old scores against Czechoslovakia's morally superior federal president, the playwright Vaclav Havel.

But the general election which elevated Mr Meciar in Slovakia confirmed a very different kind of politician as leader of the neighbouring Czech lands. Many Slovaks identify Mr Meciar as the personification of "Janošik" the rustic hero of Slovak folk history. But no one could confuse Mr Vaclav Klaus, the spiky, punctilious economist who won the Czech elections, with Good Soldier Sveik, the obstinately dim-witted but good-natured scourge of Habsburg officialdom in whom many Czechs see aspects of themselves.

Over the past six months these two men have sealed the fate of Czechoslovakia. With legalistic precision they, and a handful of senior officials, have worked out highly detailed divorce papers on 26 complex subjects, ranging from the division of the federal army to apportioning the foreign debt. They have also agreed to maintain a customs union and the free movement of goods and people after independence. The two states will also have separate central banks and ultimately separate currencies after a probably brief initial period with a common currency.

Within months, possibly weeks, the old Czechoslovak crown will be split into Slovak and Czech crowns. They will begin life with equal value but most observers expect a substantial devaluation of the Slovak crown within a few months. The general principle followed in these talks has been a division of assets and liabilities on a 2:1 ratio, reflecting the population split.

Both sides appear proud of the unprecedentedly civilised manner of their divorce arrangements, and both leaders have expressed nothing but mutual respect and esteem in public. There is a nagging feeling, however, especially in Slovakia, that the wily Mr Klaus caught the former Slovak pugilist off-balance at their first meeting, and retained the psychological advantage through subsequent sparring rounds.

From the start, Mr Klaus made clear that the Czechs had no intention of bankrolling Slovak independence, and would consider only a strengthened federation or a split. "Better a quick divorce than a messy marriage," was the uncompromising message that Mr Meciar brought back from his first talks with Mr Klaus. There was never any suggestion that Prague would emulate Belgrade, which 18 months ago sent federal troops into Slovenia in a half-hearted attempt to keep the small republic within the now defunct Yugoslav federation.

Economically, there is little question that Slovakia's best hope for a prosperous future lay in remaining firmly attached to the powerful Czech locomotive. A glance at the map of central Europe explains why. Prague is 200km west of Vienna and the Czech lands were the most industrialised part of the Habsburg empire. Between the wars Czech industry was as technically proficient as Germany's.

After the divorce the Czech republic will be firmly anchored in western Europe while Slovakia will retain only a narrow border with Austria and be hemmed in by Poland, the Ukraine and Hungary.

The danger is that both halves of the soon to be divided federal state will be hard-pressed to maintain their future identities. So linked is the new Czech state with the German-speaking core of Europe that some Czech wits suggest that their new state should be called East Germany. Mr Klaus Kinkel, the German foreign minister, was reportedly not amused when a Czech journalist shared the joke with him at a recent Czech-German summit meeting.

The spiritual fathers of the Czechoslovak state, mainly Czech and Slovak emigrés in Pittsburgh and other American industrial towns during the first world war, sold the idea of the new dual nation to President Woodrow Wilson as a Slav bulwark to reduce German influence in post-war Europe. Now the Czech republic risks ending up as little more than an extension to the German economy.

Northern Bohemia, with its busy industrial towns like Teplice, even looks like Germany, with solid round-turreted houses and sturdy factories. This is no coincidence. Until 1945 this area was the German-speaking Sudetenland whose 3m inhabitants were used by Hitler in 1938 to justify the first partition of prewar Czechoslovakia which, when ratified by the infamous Munich Agreement, sealed Czechoslovakia's fate for 50 years.

While the new Czech republic will be surrounded by prosperous Germanic Europe, and working full-out to fulfil the rising demand for cheap industrial goods produced by Bohemian workers at wages roughly 10 per cent of German levels, Slovakia, where unemployment at 12 per cent is already four times the Czech level, will become Europe's new frontier with the east.

Nowhere is this uncomfortable reality clearer than at the Russian market on the outskirts of Kosice, the principal city of eastern Slovakia. Here on a frozen muddy field, thousands of Ukrainian, Russian and Vietnamese stand in the bitter wind to display their pathetic wares – grubby underpants, rusty deodorant spray cans, used car parts, plastic flowers, cheap homemade alcohol. Groups of Slav imitation Rambos indicate where, for the equivalent of a few dollars, pistols, Kalashnikov rifles and ammunition are for sale.

The vulnerability of Slovakia to economic and political instability in the countries to its south and east can also be clearly seen at the east Slovakian Steel Works (VSZ), which is the main employer in Kosice and the surrounding area. The Czech-built plant's output of cheap, high-quality sheet steel has already attracted anti-dumping measures from the European Community. Now its entire output is threatened by a shortage of Russian-supplied fuel in Ukraine.

VSZ depends on a regular supply of enriched iron pellets from Krivoi Rog in south-eastern Ukraine and Russian gas supplied by pipeline under Ukrainian soil. Now, Krivoi Rog is short of diesel fuel and VSZ is having to send a fleet of diesel tankers on a 2,000km round-trip shuttle service to the Ukrainian city so that trucks can load railwagons with pellets for VSZ.

Without these pellets much of the downstream manufacturing capacity of Slovakia would be crippled, including the big tank and arms factories. These were hobbled by the federal government's virtual ban on arms exports but have been given approval by Mr Meciar to compete for a 300-tank order from Pakistan and other potential deals in Africa and the Middle East.

Kosice, with large Hungarian, Ruthenian and Ukraine minorities, is a city which has traditionally looked to Prague to counterbalance what it sees as the dangerous centralising tendencies of Bratislava, and retain links with western Europe.

Mr Dusan Klinger, publisher and chief editor of Slovensky Vychod, the principal local newspaper in Eastern Slovakia, was a dissident during the Communist regime. He articulates the fears of many Kosice intellectuals that, with independence severing these old ties, democracy, freedom of speech and prosperity will slip away from a region which voted heavily for Mr Meciar's opponents at the elections.

But the approach of independence is also being greeted nervously in the Slovak capital, which, with its complement of newly refurbished foreign embassies, government buildings and parliament, should be the main gainer from Slovakia's new sovereign status. Bratislava's baroque old town, dominated by its austere square castle overlooking the River Danube, is less than 70km from Vienna and will soon be connected by improved road and rail links.

Until now Slovakia has attracted less than 10 per cent of the $1bn which has flowed into Czechoslovakia since 1990 and Volkswagen's new Audi station-wagon assembly plant in the industrial suburbs is the main single foreign investment. But joint ventures with Austrian companies are the most numerous, and Mr Meciar's team hopes to build a Mexican-style industrial free-port close to the Austrian border to attract inward investment.

The hope is that future links with Vienna will prove more fruitful than the long and subservient connection with Budapest. But it is hard to escape the conclusion that Slovakia, with more than 600,000 ethnic Hungarians, will need to build friendly relations with Hungary, with whom it has been in a bitter dispute over the Gabcikovo dam on the Danube river, as well as with the Czech republic itself.

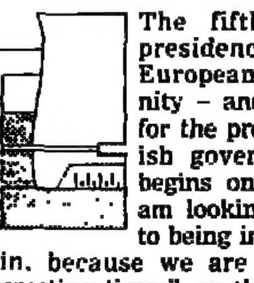
Just before Christmas, Poland, Hungary and representatives of the future Czech and Slovak republics signed a free-trade agreement linking the Visegrad 4. This is the grouping named after the Hungarian town where two years ago the central European countries agreed to co-ordinate their eventual entry into the EC.

Many Czechs and Slovaks hope that full membership of an enlarged EC by 2000 will allow both states to come back together, still as sovereign countries, but within the overarching compass of a wider EC whose eventual contours still have to be defined.

PERSONAL VIEW

Time to open EC door

By Uffe Ellemann-Jensen



The fifth Danish presidency of the European Community – and the third for the present Danish government – begins on Friday. I am looking forward to being in the chair again, because we are living in "interesting times", as the old Chinese curse goes.

When Denmark joined the European Community 20 years ago, the world was dominated by two superpowers. Since then a global revolution has taken place. One superpower has gone, and everyone is looking anxiously for a new order.

The most important question, therefore, during the Danish presidency is: how should the EC respond to that challenge? The answer will be decisive, not only for the EC 12, but for the rest of Europe. All the other European countries are looking to the EC as the framework through which economic success and political stability can be achieved.

Our answer must be an open EC.

We must cease looking inwards, spending most of our time with the EC's own institutional problems. We must offer membership right away to the most advanced of our neighbours, and support others in preparing their entry through extensive EC agreements. At the same time, the EC must continue its process of integration in order to strengthen economies and democratic institutions.

Following the Edinburgh summit in October, the agenda for the Danish presidency is more or less set. An important task will be to implement the Edinburgh decisions on subsidiarity and transparency. Denmark should know the importance of this even better than its 11 colleagues, since it has experienced the widening gap between political decision-takers and their constituencies with regard to the EC.

The result of the Danish referendum last June – and the debate since then in most other member states, not least the UK – has underlined the need to react to the widespread popular apprehension that the EC has become increasingly centralised and closed. Therefore nearness and openness have to be keywords in the future development of the EC.

As decided at Edinburgh, one of the tasks on the Danish agenda in the next six months will be the start of enlargement negotiations with Sweden, Finland and Austria – and very soon Norway. It will be up to the Danish presidency to organise the talks in such a way that the EC can increase its membership from 12 to 16 in 1995.

Another significant result at Edinburgh was the agreement on financial reform for the period 1993-99. This agreement will have to be implemented in the necessary legal acts.

January 1 marks a symbolic milestone in the Community – the formal realisation of the internal market. The original 300 proposals for implementing the internal market have almost all been adopted – the internal market, therefore, already has a history of success. But it is a process that will have to be continuously developed and adapted.

For this reason, it is important to read the clear political messages from all member countries: something more must be done for promoting employment for the almost 16m unemployed in the Community. A growth policy will therefore have to be established.

Another important concern will be environmental policy – Denmark will stress that the principle of subsidiarity should not be abused to carry through inappropriate renationalisation.

The Uruguay round of the General Agreement on Tariffs and Trade will also be a priority. We shall try to secure a speedy and well-balanced Gatt agreement.

When it comes to European political co-operation, there is no doubt that the situation in the former Yugoslavia will be the most demanding task. The need for progress is increasingly evident.

Central and eastern Europe are also not stable. A worsening of economic crises there could easily have political consequences leading to new confrontations and conflicts.

These countries are our immediate neighbours. We have a special responsibility towards them. Therefore it was agreed in Edinburgh that, at its next meeting in Copenhagen, the European Council will decide on preparations for accession to the EC of countries from central and eastern Europe.

In the former Soviet Union, the potential for conflicts is large. Here an active effort to promote the reform process is needed.

The remaining superpower, the US, will change its administration in January. It is important that good relations with the incoming American president are fast established. A well-functioning transatlantic alliance is a precondition for an effective performance, when it comes to the international challenges we are facing.

It will also be Denmark's task to speak on behalf of the 12 in the Conference on Security and Co-operation in Europe, while the Middle East peace conference and Africa are other priorities.

The agenda is full indeed. This presidency is going to be the most demanding Denmark has ever held.

The author is foreign minister of Denmark.

India faces the task of restoring business confidence at home and abroad after the Ayodhya temple sacking, says **Stefan Wagstyl**

Slowly rebuilding reform from the ruins

Ayodhya fall-out: riot victims in Seelampur, a New Delhi suburb inhabited mainly by Moslems

Mr Mohamed Ismail, a furniture maker whose business was destroyed in the recent riots in India, stares at the blackened remains of his workshop and says: "Only God knows what we can do now." Mr Ismail's livelihood went up in smoke when rioters set fire to a timber market in Seelampur, a poor suburb of New Delhi, inhabited mainly by Moslems.

The commercial life of the district is slowly limping back to normal. In the narrow alleyways surrounding the timber yard, men are hard at work at sewing machines, lathes, and welding irons. "We lost two weeks' work through the violence and through police curfews," says Mr Bashir Rahmad, who sews button-holes into jeans for export, "but now *things are all right.*"

India will be relying on men like Mr Rahmad in the next few months, if the country's economy is to recover from the damage done after the sacking of the mosque in Ayodhya.

Not only will the physical destruction have to be repaired, but so will the harm done to the confidence of businessmen – including foreigners, whom India expects to play a critical role in the government's economic modernisation programme. Mr Ashok Desai, the government's top economic adviser, says: "Ayodhya is a setback."

The crisis has come at a tough time, with Mr P V Narasimha Rao, the prime minister, under public pressure to demonstrate the benefits of the liberalisation policy launched in mid-1991. So far, businessmen have responded hesistantly to the government's initiatives. Ayodhya will make them even more cautious. They are pleased the violence has been stopped; now they want to see that political in-fighting does not distract Mr Rao from economic reform. As Mr Tarun Dass, director-general of the Confederation of Indian Industry (CII), says: "The government has already lost four weeks. Let's hope it doesn't lose any more time."

The estimate of production lost through disruption amounts to about Rs90bn ($3.2bn) or the equivalent of about 1 per cent of national output. Even if some companies recapture lost orders, others will not, particular in time-sensitive industries such as fashion textiles for export. The Indian Export Organisation, a trade promotion group, says some export shipments will have to be carried by air to meet customers' demands – at a loss to the producer. "It will take weeks or months for the *situation to normalise,*" says Mr Freddie Mehta, a director of Tata group, India's largest industrial conglomerate.

Fortunately, good rains have boosted farm output this year, so the government should exceed its 3.5 per cent real economic growth target for the year to the end of March 1993. However, industry, the main focus of economic reform, is doing worse than anticipated – the CII expects to see industrial growth of just 3 per cent, compared with an official target of 5 per cent. A curb in government spending, a crucial element in the liberalisation programme, has hit demand for steel and engineering goods, while private sector demand has failed to fill the gap. Exports are growing steadily, as the government had intended, but domestic consumption is sluggish.

Not only will the physical destruction have to be repaired, but so will the harm done to the confidence of businessmen – including foreigners

With shoppers holding back, businessmen have been reluctant to commit themselves. Some are scared of the prospect of foreign competition. "They're trembling at the thought," says Mr Deepak Mukarji, communications manager at Dupont, the US chemicals group. Other companies are busy seeking tie-ups with foreign companies for manufacturing foreign-designed goods in India. Foreign companies have pledged to invest some $1.4bn since mid-1991.

However, less than 25 per cent of this total is expected to come to fruition in 1992-93. A few foreign companies, mainly American, are pressing ahead with sizable projects, among *them General Electric,* which has established joint venture factories in plastics and medical equipment and is planning others in refrigerators and lighting. But other groups see little need to rush into India. Royal Dutch/Shell, the oil giant, this month pulled out of a planned $2bn petrochemicals complex after arguments with its Indian partner.

Ayodhya will give further pause for thought to foreign executives who are at an early stage of planning Indian ventures. Some economists in Delhi like to compare India with China, and argue that the crisis will not derail economic modernisation, just as the shooting of students in Tiananmen Square in 1989 barely affected China's reforms.

However, even in 1989, reform was more deeply entrenched in China than in India today. Foreign investors were convinced that the rewards outweighed the potential risks. As a senior official of AT&T, the American telecommunications group, says: "China had reached critical mass. India has not."

Also, China is an authoritarian dictatorship. Its leaders were able to suppress post-Tiananmen protests without fear of being overthrown. India is a democracy in which consensus is important. Mr Rao was able to carry out economic reform quite rapidly in the year to mid-1992 because there was little criticism from the Bharatiya Janata party (BJP), the main opposition party.

But, even before Ayodhya, *the consensus was coming* under strain. The pace of reform appeared to slow amid protests from farmers about the impact of cuts in fertiliser price subsidies and from trade unionists about proposed redundancy laws. The Bombay securities market scandal delayed planned financial liberalisation. Both the International Monetary Fund and the World Bank warned Mr Rao against foot-dragging on reform. The prime minister told them to wait until February, when the 1993 Budget would bring a bagful of important measures.

Even though Mr Rao remains committed to deregulation, as does Mr Manmohan Singh, the finance minister, their supporters are distracted by the arguments over Ayodhya. The crisis threatens to polarise politics between supporters and opponents of the BJP, which sponsored the rally at which the Ayodhya mosque was destroyed. Mr Rao is seeking to build an anti-BJP front, which would include left-wing parties.

At the least, since the ruling Congress (I) party lacks an absolute majority, Mr Rao will have to bargain with his allies to get economic legislation through parliament. At worst, Congress could decide that a new man is needed at the helm – perhaps someone more forceful than the mild-mannered Mr Rao. Such an upheaval would unsettle even the most positive-minded investors. As Mr Stephen Brandon, General Electric's manager in India, says: "Although Ayodhya has brought us short-term disruption and delay it will not (of itself) have any long-term effect on our plans. However, we would be disturbed to see any change of government bringing uncertainty about policy."

Boardroom bestsellers

FT writers give their verdict on the year's best business books

This has been a disappointing year for business books. There were few interesting titles and even fewer books which did their subject justice. Here is a subjective selection of business publications which FT correspondents have read and enjoyed. They are often concerned with analysing and learning from the managerial and financial failures of the 1980s. For several of the books, any drift towards the intellectually lightweight tends to be offset by sheer physical bulk.

The best financial book of the year was **Money of the Mind – Borrowing and Lending in America from the Civil War to Michael Milken** (Farrar Straus Giroux, $27.50) by James Grant, the editor of Grant's Interest Rate Observer. Although there is nothing new about debt-financed bubbles, Grant argues that the rapid economic expansion in the US in the 1980s, financed largely by borrowing, was unique.

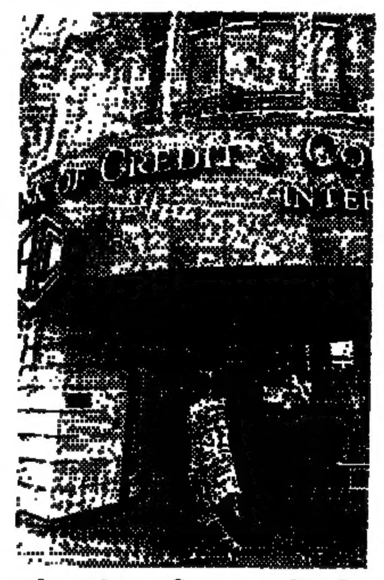
Two important trends converged in the period: the democratisation of lending and the socialisation of risk. Increasing numbers of people were able to borrow, and more and more debt was federally subsidised. The result was that, all around the world, the marginal borrower found it much easier to raise finance. The consequences have been devastating for the international economy, and the story is told in gripping detail.

No one has found the consequences more destabilising than the international property industry and its bankers. In **Bricks and Mortals** (Century Business, £25), Alastair Ross Goobey takes the reader on a tour of the property industry's booms and busts of the past 20 years.

It is a compelling story, not least for its abundance of idiosyncratic and audacious personalities, whose failings are held largely responsible for the industry's current slump.

Ross Goobey's account, though occasionally turgid, is accurate and thorough. His book, published in the summer, skates too quickly over the recent profusion of corporate collapses, but it is worth reading for its insight into the ambitious developments and deal-making of the second half of the 1980s.

The recent spate of corporate failures that has resulted from the collapse in asset prices has left many shareholders concerned about the standards of information they receive from companies in which they have invested.



Nigel Lawson gives a lucid explanation of events in the Thatcher era, while BCCI illustrates the 1980s' seedy side

Little wonder that **Accounting for Growth** (Century Business, £12.99), Terry Smith's useful, if incomplete, book on the potentially dry subject of accountancy, has attained great heights of publicity and sales: more than 60,000 copies to date.

For the more seedy side of the late 1980s boom, try **BCCI: the Inside Story of the World's Most Corrupt Financial Empire** (Bloomsbury, £20). Written by Peter Truell and Larry Gurwin, it is the third and most comprehensive of the books on the bank since its collapse in 1990. It outlines in detail the Middle Eastern and US political connections to BCCI that made it far more than a bank and helps explain how it managed for so long to escape the scrutiny of financial regulators.

A very different escape was staged by Nigel Lawson, the chancellor during the "boom" part of Britain's latest and longest boom-bust cycle, who managed to jump ship with the rocks in sight. His memoirs, **The View from No 11: Memoirs of a Tory Radical** (Bantam Press, £20), provide a compelling and lucid explanation of events and personalities of the Thatcher era.

The book does not pull its punches in its analysis of why the main protagonists parted company. In the process, it touches upon many economic issues that are still very much alive. But it contains much more – a wealth of material on City issues ranging from tackling fraud to bank behaviour and Lawson's own successful struggle with the BP underwriters after the 1987 Wall Street crash.

Readers deterred by the book's 1,000-plus pages could heed the author's own suggestion in the foreword, and treat the contents as an *à la carte* meal. But at least there is only one volume.

The New Palgrave Dictionary of Money and Finance (The Macmillan Press, £350) runs to three volumes, more than 2,500 pages and checks in at 14lb on the bathroom scales, making it the heavyweight business publication of the year. It is not an impulse buy.

Built around more than 1,000 sizeable essays written by more than 800 authorities from around the world, it is a rich mine of information. It is readily accessed through a system of cross references which, if you have time on your hands, can send you off on lengthy and diverting by-ways through the text.

Another weighty tome, physically at least, is **Liberation Management: Necessary Disorganisation for the Nanosecond Nineties** (Macmillan, £20; Knopf, $27.50) by Tom Peters, the millionaire American business evangelist.

Do not be put off by its length – 834 pages – or Peters' penchant for wacky American slogans, such as "marketising", "fashionisation" and "Glow! Tingle! Wow!" This is, in fact, the best management book of the year.

Peters' enthusiasm for fast, flexible and customer-responsive companies lightens this packed guide to almost every advanced management practice under the sun: from delayering, delegation and empowerment to outsourcing, vertical disintegration and "networks".

David Osborne and Ted Gaebler have produced a book of Peters-style prescriptions for the public sector. In **Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector** (Addison-Wesley, £19.95/$22.95), the authors argue that government must be more "entrepreneurial" or business-like if it is to overcome decades of accumulated bureaucratic inertia and financial waste. Their solutions include privatisation, decentralising responsibility to encourage innovation, and greater flexibility among civil servants.

Improbably for such a dry subject, the book spent eight weeks on the New York Times non-fiction bestseller list and has been through several reprints since publication in February.

Fans include Mr William Waldegrave, the cabinet minister in charge of reforming the UK's public sector, and President-elect Bill Clinton.

Finally, some in-flight reading for the weary executive. While the New Palgrave Dictionary may be a little heavy for hand-luggage, a much more mangeable alternative is **Dave Barry Does Japan** (Random House, $18), the story of US comedian Dave Barry's incursion into the inner sanctum of Japanese industry, the Keidanren.

Dave Barry may be the funniest man writing in America today. His humour has a deliciously outlandish quality. He works out that, when a Japanese businessman tells a visiting foreigner "we will study your proposal", he really means "we will feed your proposal to a goat" – one useful tip that no management handbook or financial dictionary could reveal.

Compiled by Edward Balls with contributions from Richard Lambert, Vanessa Houlder, Andrew Jack, Richard Donkin, Samuel Brittan, Christopher Lorenz, John Willman and Jurek Martin

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Planning for higher education

From Mr John Howson.

Sir, The timely article by Andrew Adonis ("Competing answers to university challenge", December 21) raises the question of how future governments will pay for higher education. One possible solution is to force students to pay part of their fees according to some means tested formula. Whatever the merits of this, it is fatally flawed when it comes to higher education courses linked to training for posts in the public sector, in particular in nursing and education.

The greater proportion of funding now available to institutions through fee income rather than by grants to institutions has encouraged universities and colleges to expand rapidly. In September, recruitment to courses for those training as primary school teachers was some 50 per cent over target at 18,000. Many of those starting out to train as teachers will have little realistic hope of securing a job as a teacher. Asking them to pay part of their fees would only saddle them with a bigger debt on top of their existing loans.

Unless sensible planning is introduced quickly the pool of unemployed teachers will rise dramatically over the next few years. The announcement that bursaries for teachers in the former shortage subjects will be reduced from next September is a start if it helps to reduce demand for courses but it will have no effect unless institutions try to match recruitment more closely to demand for teachers.

John Howson,
3 Osney Lane,
Oxford OX1 1NJ

Report must look at adequacy as well as safety of pensions

From Mr Alan Smallbone.

As your leader, "Safer pensions" (December 16), so rightly says, it will not be enough if Prof Goode's report confines itself to narrow questions of safety. The urgent need is that private-sector pensions should fulfil the government actuary's precept – "...the fundamental objective...is to provide a satisfactory income in...retirement".

The key word is satisfactory. It is not sufficient that pensions funds should merely be secure against fraud. An income may be secure but at the same time hopelessly inadequate. As the Occupational Pensions Board report (Cmnd 8649, note 1, Chapter 9) of 1982 pointed out, the average level of pension provision is appalling, notwithstanding the case sums invested and the huge tax privileges funds are accorded.

As presently constructed, defined benefit schemes allow shiploads of money involving true funding rates of 100 per cent and more of nominal salary, to be tipped into the pockets of those who lest need such massive subsidies, at the same time, because true funding rates are ruthlessly age progressive, the UK's notorious "too old at 50" employment syndrome is encouraged.

There are far better ways of achieving the fundamental objective (notably fully-indexed revalued average schemes).

Alan Smallbone,
30 Temple fortune Lane,
London NW11 7UD

Confidence in auditing standards body's work

From Sir Ron Dearing.

Sir, Your article "Financial Reporting Council willing to adopt audit board" (December 15) fairly reflects what I said to Mr Jack. As the article makes clear, the FRC is not at all making a pitch to bring the Auditing Practices Board within its aegis. We have every confidence in the work the board is doing, and give it warm support. Bill Morrison, its chairman, is a member of the FRC and through that we have an excellent working relationship. The best course now is to encourage the APB to get on with its job.

Ron Dearing,
chairman,
Financial Reporting Council,
100 Gray's Inn Road,
London WC1X 8AL

Wrong impression of elections in Kenya

From Mr M Ngali.

Sir, Your article "Flawed Kenya poll is set to resolve little" (December 22) gives the wrong impression of the Kenya general elections.

The Kenyan general elections, due to begin yesterday, were set to enable the Kenyan electorate to pick leaders of their choice and not to bar a particular party or individual leader. That is what democracy is all about and, if President Moi and Kann win, it cannot be largely by default. Surely if a party picks uncommitted candidates who subsequently defect it cannot be the fault of the winning party.

It is known that the opposition political parties, because they were established only recently, have failed to find and field suitable candidates in all the constituencies in the country, thus leaving the long-established ruling party with candidates coming in unopposed. This cannot be seriously blamed on the ruling party.

It seems to me that what is expected of the ruling party by the authors of the article is that Kanu should disqualify itself or make it easier for the opposition to win. This would create neither a level playing field for all nor democracy.

It is incorrect to suggest that all members of the Kikuyu, Luo and Luhya communities were disillusioned with Kanu and that only weighting in favour of the ruling party will result in its victory. On the contrary, Kanu still has a fair amount of support from the three communities.

As to the murder of Dr Robert Ouko, there is an ongoing High Court case which makes the matter sub judice. It is not known whether the killer was from within or without. It therefore seems to me that the bitterness referred to is misplaced.

M Ngali,
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London W1N 4AS

FINANCIAL TIMES
Wednesday December 30 1992

Collor resigns as senate starts key session in impeachment trial

Bill Hinchberger in Brasilia reports on Brazil's parliamentary drama

BRAZILIAN president Fernando Collor de Mello resigned yesterday just as the senate was starting the decisive session of his impeachment trial.

Brazil's 81 senators, many of whom had cut short their holidays, had been braced for a marathon session expected to end in an eight-year ban on Mr Collor holding public office. He had been suspended since September when the Congress approved impeachment charges against him over corruption charges.

Coming at such a late hour, the resignation does not free Mr Collor from the charges and by late afternoon the Senate had not decided whether it would continue the impeachment process. By resigning Mr Collor is, however, thought able to retain privileges such as a public service pension and bodyguards.

Mr Itamar Franco, who had been acting president since Mr Collor's suspension, is expected to address the nation shortly to outline his economic policy.

Mr Fernando Henrique Cardoso, the foreign minister, said: "This will now allow us to get on with governing the country."

After a volatile session the Sao Paulo stock market closed down 1.2 per cent.

The parliamentary drama began when the Supreme Court chief justice called on Mr Collor's attorney, Mr Jose Moura Rocha, to begin questioning his first witness.

The lawyer said he had spoken to Mr Collor and that the president would offer his resignation. He then passed a note in Mr Collor's hand to senate president Mauro Benevides which said: "I am resigning my mandate as president of the republic, a position to which I was elected in the elections of November 15 and December 17, 1989."

Until now Mr Collor refused publicly to consider resignation.

Mr Franco, 62, read the oath of office before a roaring, applauding gallery of supporters singing the national anthem and chanting: "The people united will never be defeated." People in the galleries tossed T-shirts emblazoned with "Collorbuster" into the Chamber of Deputies. The inauguration ceremony was marked by enthusiastic cheering of teenage activists. Student-led protests were instrumental in bringing about the trial.

President Daniel arap Moi after casting his vote in Kenyan elections yesterday

Moi accuses west of backing Kenyan opposition parties

By Julian Ozanne in Kabernet, Kenya, and Michael Holman in Nairobi

KENYAN president Daniel arap Moi launched an unprecedented attack on western governments yesterday, accusing them of supporting his political opponents, promoting tribalism and bringing the country to the brink of civil war by forcing the pace of transition to a multi-party system.

The president was speaking shortly after casting his vote in the country's first multi-party poll for 26 years. The day saw a heavy turnout of voters, some queueing for several hours, while no serious incidents of violence had been reported by evening.

At his retreat in Kabernet, in the Rift Valley, the 68-year-old president said the west had "starved us for the past 12 months", referring to cuts in aid flows. He accused western governments of keeping silent about opposition threats of post-election violence.

"They are partisan," he said. "They are supporting the opposition so if there is civil war in Kenya they will be supporting that also."

Mr Moi's attack will strain further an already deteriorating relationship with the west, alienate donors and deepen the country's economic crisis.

International observers were last night assessing whether the election had been "free and fair". A positive verdict is essential to a resumption of aid, frozen a year ago when donors applied pressure for political and economic reform.

Mr Moi lifted the ban on opposition parties in November, paving the way for yesterday's general and presidential election.

His outburst suggests that he anticipates that the observers will conclude that the election has been critically flawed by government election abuses, and has little to lose by venting his anger. Most analysts expect the ruling Kanu party to retain power.

The observers were investigating reports that polling booths in the stronghold of Mr Oginga Odinga, leader of the opposition Ford-Kenya party, had remained closed for at least five hours after polling was due to start.

There were long delays in starting the count in some strongholds of other opposition parties and at a press conference in Nairobi, Kenyan election officials expressed concern about the conduct of the poll in several districts.

One international observer attributed the problems to "utter confusion" rather than electoral malpractice.

Background, Page 2

Israeli aid proposal rejected by Lebanon

By Hugh Carnegy in Jerusalem

THE Lebanese authorities yesterday rejected an Israeli proposal that both governments should simultaneously allow delivery of humanitarian aid to 415 expelled Palestinians stranded in south Lebanon for 12 days.

Mr Rafif al-Hariri, the Lebanese prime minister, dismissed a suggestion from Mr Yitzhak Rabin, his Israeli counterpart, that medical supplies be forwarded from Israel to the deportees' camp in no man's land between Israeli and Lebanese forces, while food and fresh water were delivered from Lebanese-controlled territory.

He then refused to allow Mr James Jonah, a UN under-secretary general, to visit the deportees, alleged by Israel to be Islamic fundamentalist militants. "Jonah is wasting his time with us. This is a wasted trip. Our position is firm," Mr Hariri said.

Mr Jonah was sent to the region by Mr Boutros Boutros Ghali, the UN secretary-general, after the adoption of Security Council resolution 799 calling for the return of the deportees to the occupied West Bank and Gaza Strip.

Lebanon, backed by Syria and other Arab states, says Israel should implement the resolution immediately and seems determined not to help Israel achieve any relief from the international pressure it has come under since deporting the Palestinians.

Israel confirmed yesterday that it was willing to take back 10 men whom it said were deported mistakenly. But the army said they would be put on trial when they returned. Mr Rabin, who will see Mr Jonah for the second time this week in Jerusalem today, has refused to consider reversing the deportations.

Mr Shimon Peres, the foreign minister, said the deportations were successful because they had hit at extremists opposed to Middle East peace talks, without destroying the talks themselves. But he admitted the issue had had some negative effects – including the postponement until February of a visit by a European Community delegation to discuss closer EC-Israel economic co-operation.

● The Israeli finance ministry said it would use $10bn in US loan guarantees granted earlier this year to aid the absorption ofimmigrants from the former Soviet Union.

This would start in mid-March 1993, when Israel would seek to borrow $1bn backed by the guarantees. Officials said immigration from ex-Soviet territories fell to 75,500 in 1992 from 148,000 in 1991.

EC yachtsmen's VAT dodge sunk by customs officials

By Andrew Jack in London

EUROPEAN customs officials have sunk one of the most enterprising offshore tax devices of the rich – the wandering yacht.

From January 1 1993, value added tax will be levied on yachts in any European Community country at the time of sale, under an agreement reached by finance ministers in Brussels earlier this month.

Until now, yacht owners have been able to escape VAT by keeping them harboured for no more than a few months a year in any one EC country.

The existing rules allow yachts temporarily held in UK waters to remain exempt from VAT. They become liable after six months and a day, when they are classified as imports. Similar rules apply in other EC states.

That has led to a large avoidance industry, with British yacht owners who live on the south coast of England keeping their boats on the French coast and other EC residents taking advantage of favourable locations in the Mediterranean such as Cyprus.

Now EC mariners will have to pay immediately the VAT rate applicable in the country where they buy their boat. Those from non-EC states will remain exempt as long as they export their yachts to non-EC waters.

Prudent sailors will now have extra incentive to shop around for the lowest VAT rates, which range from 14 per cent in Germany to 38 per cent on luxury goods in Italy.

Transitional arrangements for the first six months will allow existing yachts in EC countries to remain as temporary imports. After that, they will be treated as imports and VAT will normally be levied. No additional VAT will be charged if the tax has already been paid in the EC or the boat is more than eight years old.

US consumer confidence

Continued from Page 1

in London at DM1.6140, more than a pfennig up on the day. Sterling closed at $1.5135, down nearly 2 cents on the day.

The London stock market reached a record closing high, helped by hopes of lower UK interest rates. The FT-SE 100 index of leading shares rose 20.3 to 2,847.8. The broader FT-SE-Actuaries 350 share index also closed at a record of 1,388.9, up 9.1. But activity was well below the recent average at 287m shares, reflecting quiet market conditions ahead of the new year holiday.

News that US regulators had approved Glaxo's Sumatriptan drug for migraine headaches helped lift the firm's stock from an 8p loss to a closing 27p gain.

Spanish central bank

Continued from Page 1

bank within the fiscal year. Earlier this year direct government borrowing from the Bank of Spain to cover emergency expenditure items was independently reckoned to have been in excess of Pta1,000bn ($8.8bn).

The legislation also sets a six-year single term for the governor of the Bank of Spain, instead of the current four years renewable, and states that the governor, who is named by the government, will choose his deputy instead of the Economy Ministry as at present. The present governor is Mr Luis Angel Rojo, who is likely to continue in the post.

Bank of Spain officials freely admitted that the legislation was purposely modelled on the Bundesbank's statutes.

World Weather

		°C	°F
Ajaccio	S	10	50
Algiers	R	8	46
Amsterdam	S	1	34
Athens	F	7	45
Bahrain	F	16	61
Bangkok	F	33	91
Barcelona	F	8	46
Beijing	S	5	41
Beirut	F	15	59
Belfast	Fg	-1	30
Belgrade	C	-6	21
Berlin	Sn	-4	25
Biarritz	S	11	52
Bombay	S	30	86
Bordeaux	S	8	46

		°C	°F
Boulogne	S	1	34
Brussels	S	-1	30
Budapest	S	-1	30
Buenos Aires	F	30	86
Cairo	S	19	66
Cape Town	S	23	73
Caracas	F	28	82
Casablanca †	S	18	64
Chicago †	R	4	39
Cologne	S	1	34
Copenhagen	C	3	37
Corfu	R	9	48
Dallas †	C	19	66
Dublin	S	3	37
Dubrovnik		–	–
Edinburgh	S	-3	27
Faro	S	14	57
Florence	S	4	39

		°C	°F
Frankfurt	S	-2	28
Geneva	C	-1	30
Gibraltar	C	14	57
Glasgow	Fg	-3	27
Helsinki	S	1	34
Hong Kong	R	18	64
Innsbruck	S	-4	25
Inverness	S	-2	28
Islamabad	F	19	66
Istanbul	F	1	34
Jakarta	R	32	90
Johannesburg		–	–
Lisbon	S	9	48
London	S	4	39
Los Angeles †	R	13	55
Luxembourg	S	0	32
Madeira	F	16	61
Madrid	F	3	37

		°C	°F
Majorca	C	8	46
Malaga	C	14	57
Malta	F	13	55
Manila	F	31	88
Melbourne	S	21	70
Mexico City	F	23	73
Miami †	C	19	66
Milan	S	4	39
Montreal †	C	-2	28
Moscow	Sn	-3	27
Munich	S	-4	25
Nairobi	C	23	73
Naples	F	9	48
Nassau	F	27	80
New Delhi	S	20	68
New York †	Fg	4	39
Nice	S	10	50
Nicosia	S	13	55

		°C	°F
Oporto	S	11	52
Oslo	Fg	-6	21
Paris	S	0	32
Prague	S	-5	23
Reykjavik	Sn	0	32
Rhodes	F	14	57
Rio d'Janeiro	C	17	63
Rome	S	10	50
Salzburg	S	-3	27
S'Francisco †	T	7	45
Seoul	S	2	36
Singapore	F	29	84
Stockholm	S	3	37
Strasbourg	S	-3	27
Sydney	S	24	75
Taipei	C	20	68
Tangier	F	15	59
Tel Aviv	S	13	55

		°C	°F
Tenerife	R	17	63
Tokyo	C	12	54
Toronto †	C	2	36
Tunis	C	9	48
Valencia	F	11	52
Venice	S	3	37
Vienna	S	-5	23
Warsaw	Dr	-3	27
Washington †	Dr	3	37
Zurich	C	-4	25

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

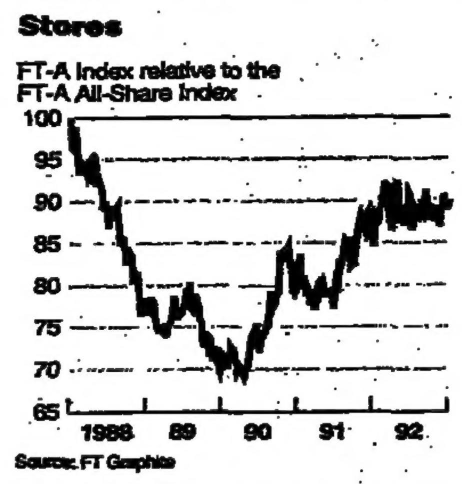
Bargain hunting

One day of traffic jams as bargain hunters head for the sales may not make a retailing summer, but there is at least the hint of spring in the air for UK stores. Consumer confidence may be starting to revive now that the shambles of sterling's exit from the ERM is a fading memory. Spending will also rise a little in 1993 once the effect of lower mortgage rates feeds through. And as retailers currently hold small stocks, the uptick may feed back down the chain if the January sales go well.

Yet it would be wrong to get carried away by the enthusiasm. With house prices still weak and wage settlements low, consumers will not feel much richer next year. The high savings rate indicates that individuals are still reluctant to borrow, so any modest increase in consumer spending is unlikely to exceed the rise in disposable incomes. Even suggestions of a rise in housing turnover will take quite some time to translate into sales of carpets and curtains.

In any event, retailing shares have already discounted a recovery. Given the sector's rating, stores will need more good news to push much higher. The defensive qualities which supported the likes of Marks and Spencer and Boots through the recession will also limit their progress into the upturn. There are some recovery prospects, particularly among groups whose young adult customers were hit by high interest rates, but only those with strong management and a well-focused business are likely to benefit.

FT-SE Index: 2847.8 (+20.3)



British Gas

Arguments about the market power of British Gas rumble on as the Monopolies and Mergers Commission investigation proceeds. But it is far from clear which structure for the industry will best promote efficiency and competition.

If British Gas were split into separate trading and pipeline operations as the regulator wants, the pipeline company would own the vast majority of the assets. Its fortunes would be dictated by the effective rate of return it was allowed to earn on the pipes. The marketing company or companies would be much flimsier entities. Yet these would be expected to enter into long-term contracts for large amounts of gas with producers. Their low capital would not allow much margin for error in fixing their purchasing requirements. If the rate of return were held down on the pipes to allow high marketing margins and encourage new entrants, pipeline shareholders would suffer. But if the pipes earned a commercial return that might not leave enough margin for marketing companies unless gas prices rise.

By contrast the price cap structure with British Gas at least offers some economies of scale and competitors are at last taking a significant proportion of the business market, while gas prices are falling. Yet whichever way the MMC leans, British Gas shareholders are reasonably well underpinned by a combination of net asset value and 7 per cent yield, which are not seriously under threat. As deposit rates fall, British Gas shares may look an alluring alternative to gilts.

Banco Santander

Madrid seems to have been overcome with nerves in marking Banco Santander down by more than 8 per cent this week. The bank has been obliged to post a Pta8bn bond against possible fines and tax charges on transactions going back to the late 1980s, but the amount is little more than 10 per cent of last year's net income. Santander could meet the sum out of general reserves without any serious effect on its remarkably strong tier 1 capital ratio of 9.4 per cent.

It may take some time to establish definitively whether withholding tax should have been paid on credits assigned by the bank to third parties. Assignment was once a widespread practice among Spanish banks. By taking loans off the balance sheet, they were not only spared expensive reserve requirements; their capital also went further. The Bank of Spain clamped down in 1989, though, so Santander has not been dependent on this lucrative practice for its recent profits.

The greater worry is that Santander has been singled out for political reasons. Its aggressive growth ambitions have aroused the jealousy of its peers. The case is an embarrassment which may cause the pace of innovation – it is now trying to introduce securitised mortgages – to slow. The share price may be vulnerable while the affair drags on. In the longer term that may prove to be a buying opportunity.

Currencies

European central bankers may be feeling secretly grateful for the revival of tensions in the Middle East. That is one of the main reasons for the dollar's two-pfennig rise since the Christmas break. In theory yesterday's positive US data on consumer confidence and home sales should support the trend. They suggest the US economy is indeed on a recovery path – in stark contrast to that of Germany. Were the dollar to remain strong, a fresh crisis in the ERM might just be deferred until the Bundesbank is ready to start cutting interest rates.

It would be rash, though, to claim victory too soon. The dollar's rise has come in a thin market. It may not have the strength for a further advance once trading volumes return to normal in the new year. Besides, the real doubt about the ERM concerns the degree to which participants are prepared to allow Germany to lead them into recession.

The foreign exchange market may have placed too much weight on the seemingly encouraging weekend remarks on interest rates from the Bundesbank's Mr Helmut Schlesinger. The bank is unlikely to move before it can gauge the inflationary effect of next month's VAT rise, not to mention the outcome of current wage negotiations and the new year trend of the money supply. It may be February before it can even consider lower interest rates.

That realisation alone could reverse the dollar's gain and put fresh strain on the ERM. The longer the Bundesbank delays, the more pressing the need for lower rates elsewhere and the deeper it would eventually have to cut to calm the system down. The clear misalignment of the Irish punt still provides a weak link for speculators to have a go at the system as a whole.

FINANCIAL TIMES
COMPANIES & MARKETS

Wednesday December 30 1992

INSIDE

Companies raise record $1,000bn

New corporate issues of debt and equity securities surged to records in 1992, as companies took advantage of low US interest rates and a solid stock market to knock balance sheets into better shape. According to Securities Data, the financial information group, companies have raised more than $1,000bn through underwritten debt and equity offerings worldwide in the year. Of this, more than $838bn was raised in the US — a 42 per cent increase on the previous record. Page 12

Gilts sales may squeeze funds

The UK government's need to fund its growing deficit would absorb an increasing proportion of institutional funds in 1993, Flemings Corporate Finance warned in its review of 1992. *"Until this changes," the report states, "institutional cash flow will remain under pressure, companies will be strapped for cash and banks reluctant to lend."* Page 14

Engineers confident of orders

Confidence, that holy grail of British industry, is making a faint reappearance in the engineering sector as a nightmare year of recession draws to a close. The six companies in the FT's occasional survey of the engineering sector are beginning to sound a little cheerier about prospects for 1993. Page 15

Edinburgh leaves Danes flat

Denmark

Copenhagen SE All-Share Index

Source: FT Graphite

There had been hopes that the solution to Denmark's Maastricht treaty problem, at the *Edinburgh summit*, would lift the Copenhagen bond and equities markets out of the doldrums in which they have wallowed since the Danish referendum last June. But the markets were unimpressed. *Back Page*

Change urged in accounting

Listed and unlisted companies in Europe should be subject to different accounting requirements, an analysis from the Federation of European Accountants suggests. "Profound" differences in accounting policies exist as much between listed and unlisted companies as they do between different European countries, it concludes. Page 12

Blow for Bull

Groupe Bull, the French state-owned computer manufacturer learned on December 24 it had lost a prize — a $740m personal computer contract for US Air Force — it had believed was securely in the bag. It is a serious *blow for Bull*, under its new chairman Mr Bernard Pache (left). Page 13

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Philips Kommun	530	+	25	Accd Entrepr	344	+	19
Sud Chemie	478	+	13	Cap Gemini	169.5	+	10.3
Verein-West	314	+	9	Geophysique	535	+	14
Falls				Immobanque	642	+	14
Asko	630	–	30	Soc Generale	615	+	18
Heidelb Zem	820	–	30	**Falls**			
Rosenthal	202	–	8	Roussel-Uclaf	423	–	12

NEW YORK ($)				TOKYO (Yen)			
Rises				**Rises**			
Am T & T	$52\frac{3}{4}$	+	$\frac{7}{8}$	Daihatsu Motor	359	+	24
Bristol-Myers	$68\frac{5}{8}$	+	$\frac{7}{8}$	Jidosha Buhin	255	+	31
Corvis	37	+	$1\frac{1}{4}$	Kinki Sharyo	465	+	35
Tiffany	$32\frac{5}{8}$	+	$3\frac{1}{8}$	Settsu	338	+	23
Falls				**Falls**			
IBM	$49\frac{1}{2}$	–	$2\frac{1}{4}$	Hotsui	320	–	20
Pfizer	$73\frac{1}{2}$	–	$\frac{1}{2}$	77 Bank	750	–	49

New York prices at 12.30.

LONDON (Pence)							
Rises				Hambro C'wide	36	+	7
Armour Trust	36	+	$3\frac{1}{2}$	Kwik-Fit	126	+	9
Assoc Nursing	163	+	7	MFI Furniture	145	+	8
Birkdale	28	+	3	More O'Farrall	177	+	7
Burton	$70\frac{1}{2}$	+	$2\frac{1}{2}$	Pentos	70	+	4
Celestion	87	+	6	Pittard Garnar	85	+	17
Chloride	11	+	$\frac{3}{4}$	Ross Group	28	+	3
Cliff Res	$18\frac{1}{2}$	+	3	Securiguard	177	+	9
Dickie (J)	48	+	11	**Falls**			
Eng China Clys	439	+	13	SmKlBeechamA	$487\frac{1}{2}$	–	$16\frac{1}{2}$
Euro Disney	785	+	22	Tomnac	101	–	5
Ferranti Int	$9\frac{3}{4}$	+	$\frac{3}{4}$	WhinneyMackay	12	–	1
Glaxo	774	+	25				

Matra Hachette merger approved on profits pledge

By Alice Rawsthorn in Paris

MR JEAN-LUC Lagardère, the flamboyant French businessman, yesterday secured shareholders' approval for the merger between Matra, the electronics concern, and the Hachette media group. He promised a "very significant improvement" in their 1993 combined profits.

Last spring's announcement of plans to merge Matra and Hachette, both chaired by Mr Lagardère and controlled by his family interests, was criticised by the French financial community because of the apparent incompatibility of the two companies and Hachette's financial problems.

However, Mr Lagardère has maintained that there will be significant financial benefits in combining the two groups.

His proposals were accepted overwhelmingly at yesterday's meetings of Matra and Hachette shareholders.

One effect of the merger will be to dilute the 8.43 per cent stake in Hachette held by Montana Management, a Swiss-based Panamanian company allegedly linked to Iraqi interests, to 1.8 per cent.

Matra-Hachette, the new company, will form one of France's larger private sector concerns with nine operating subsidiaries. Mr Lagardère confirmed that the group should meet its 1992 profit forecast of between FFr350m ($65m) and FFr400m on sales of FFr53bn.

He said Matra's shareholders should receive the same net dividend for 1992 as the FFr5.50 paid in 1991.

However, he promised substantial profits growth for Matra-Hachette in 1993. One of the chief catalysts will be the rise in Matra's defence orders from FFr11bn in 1991 to FFr20bn in 1992.

Mr Lagardère refused to comment on recent reports of the sale of 60 French Mirage fighter jets equipped with *Matra missiles* to Taiwan, which has been fiercely criticised by the Chinese authorities.

The new group plans to continue with Hachette's disposals. Mr Lagardère said the sales, intended to reduce Hachette's debt, were FFr1.3bn ahead of target.

This autumn, Havas, the French media group, built up a 3 per cent stake in Hachette, its rival, reportedly to force the latter to sell its Europe 1 radio station.

Mr Lagardère said Europe 1 was "not for sale".

AMR in share stake deal with Canadian Airlines

By Nikki Tait in New York

AMR, the parent company of American Airlines, yesterday announced that it will invest C$246m ($192m) in PWA, owner of Canadian Airlines, in exchange for a 33 per cent economic interest in the loss-making carrier and a 25 per cent voting interest.

The investment and share stake deal comes as part of a broader agreement between the two companies, under which Canadian has agreed to sign a 20-year services contract with AMR. This contract requires the Canadian airline to buy from American a range of airline administrative services, said to be worth more than $2bn overall. The deal requires US and Canadian government approval.

The first full-year revenue value of the contract will be around $115m.

The tie-up between the two carriers, which has been mooted for many months, was described by American as "the most comprehensive package of services" it had ever offered to another carrier.

Among administrative functions which the Canadian carrier will buy from AMR are accounting, data-processing and communications operations. The US company will also be involved in providing operations planning, pricing and yield management expertise, international station operations, passenger services procedures training, and US-originating reservations activities.

Mr Bob Crandall, American's chairman, said the services contract was in line with his company's general diversification strategy, and that it should provide AMR with "a steady stream of profitable, fee-based revenue".

Canadian, which lost C$105.6m after tax in the first nine months of 1992 and has been seeking to cut costs, will also tie up its frequent flier programme with American's, so that Canadian passengers can earn credits for flights with American (and vice versa).

The financial investment by American will take the form of convertible preferred stock, and the US carrier will be entitled to designate two of the eight members of Canadian's board.

The US carrier said, however, that it would not control any "major strategic business decisions", and that Canadian would have a continuing option to buy out AMR's interest.

World stock markets, Back Page

Glaxo wins US approval for migraine drug

By Daniel Green in London

GLAXO, the UK's largest pharmaceuticals company, yesterday *secured approval in the* US for the sale of what will be one of its biggest selling drugs of the 1990s, sumatriptan, a migraine treatment.

The Food and Drug Administration (FDA), which controls drugs sold in the US, approved the injectable version. The tablets are likely to be approved late in 1993.

Approval came more quickly than some observers had feared: the drug does not treat a life threatening condition and so was thought to be low on the FDA's list of priorities.

Approval helped Glaxo shares rise 27p to 774p. Trading was heavy in both London and New York, where the shares are also quoted.

Sumatriptan should be available on prescription in the US by late March under the name Imitrex, Glaxo said. Its brand name in most other markets is Imigran.

Some 33 countries have already approved the drug, in spite of criticism, especially in France, of its price. Glaxo can charge a high price – about £40 for two doses – because sumatriptan is much more effective than rival treatments for most patients.

In Glaxo's last financial year, to June 1992, sales of sumatriptan reached £43m ($65m). Analysts *believe sales for the current year* will more than double.

Within five years, the drug could be a "blockbuster", usually defined in the industry as having sales of more than $1bn a year. About half should be in the US.

US approval is important for Glaxo, the world's second largest drug company, because its best-selling ulcer treatment, Zantac, is losing market share to a new rival, Losec, made by Swedish company Astra.

However, sumatriptan is unlikely to replace Zantac as the company's main source of profit. Zantac sales are still growing, while sumatriptan is only one, albeit the most important, of a new generation of Glaxo drugs. The others are Serevent, an asthma treatment, Zofran, which reduces nausea in chemotherapy patients, and flixonase, an anti-inflammatory designed to help people with allergies.

Between them, these four could account for 25 per cent of Glaxo's sales within five years, said Mr Jonathan Gelles, an analyst with New York stockbroker, Wertheim Schroder.

London Stock Exchange, Page 17

GPA to cut firm aircraft orders

By Roland Rudd in London

GPA GROUP has reached agreement with aircraft manufacturers *to reduce its firm* orders by more than $6bn. The resulting penalties may adversely affect its results in 1993 and later years, it says.

The information is contained in a prospectus the aircraft leasing company filed in the US earlier this month.

By the beginning of the December GPA had agreed with its aircraft manufacturers to reduce its $11.9bn of firm orders up to the year 2000 by $3.2bn, after taking into account aircraft purchased since April.

A further $3.1bn of orders which are "subject to cancellation" *has been agreed*, which may allow the group to cancel most of its $4.8bn worth of orders beyond 1994.

The prospectus says: "The combination of the cancellation, deferral and recharacterisation of orders is likely to result in penalties to GPA which may materially affect results of operations for fiscal 1993 . . . and also affect results of operations for later years."

Aircraft manufacturers have agreed to provide short-term finance for the purchase of aircraft and have already made some advances.

The penalties mentioned in the prospectus are likely to be the loss of some of the $954m of pre-delivery payments made to aircraft manufacturers by GPA at the end of March.

It is understood that Boeing and Airbus Industrie have proved more willing to reach an accommodation with GPA than McDonnell Douglas.

GPA's negotiations with aircraft manufacturers, which are expected to be concluded by January 17, depend on a successful outcome of the group's talks with its lenders. The group is seeking to defer up to $1bn of debt and to change its bank covenants by the end of next month.

The banks have agreed to waive potential breach of covenants until the end of January. However, during the term of the temporary waiver, the group is prevented from increasing the amount drawn on the facilities.

According to the prospectus, further temporary waivers may be necessary before agreements are reached with the bank lenders.

Roland Rudd on the warnings in the leasing company's prospectus

Frankness makes gloomy read

The extent of the difficulties facing GPA Group in securing a satisfactory agreement with its banks and aircraft manufacturers was spelt out in a prospectus issued in the US shortly before Christmas.

Harris Investment Management, a subsidiary of the Chicago-based Harris banking group which bought $45m of GPA notes in a private debt placement in June, recently exercised its right to enable the notes to be traded publicly. This forced GPA to file a prospectus with the Securities and Exchange Commission, the US regulator, by the end of the year.

The prospectus, which was filed on December 11, shows that the group's core business of leasing has suffered since the group was forced to abandon its $800m flotation in June.

For the three months to June 30, 1992 – the latest publicly available figures – profits from aircraft leasing fell 54 per cent, from $24m in the same quarter the previous year to $11m. Since then GPA says it has suffered a "general deterioration in the credit quality" of its leases.

The prospectus goes on to warn that the current difficult environment in the civil aviation industry has resulted in the group having a higher proportion of non-revenue earning aircraft.

At the end of November the group had 36 unleased aircraft and owned four McDonnell Douglas DC8-71 aircraft which were unavailable for lease, out of a total of 409 aircraft on its books. GPA was also recently forced to repossess 13 Boeing 737s from Vasp, the Brazilian airline, although some of these have already been released.

To help lessees in financial difficulty, GPA has rescheduled some lease rentals for periods of four to 24 months. At the beginning of the month four lessees were being allowed deferrals of rent, maintenance and miscellaneous payments totalling $32m.

The group's share of providing debtor-in-possession financing loans to America West Airlines, a customer of GPA which filed for protection from its creditors under Chapter 11 of the US Bankruptcy Code, is around $70m.

According to the prospectus, 14.9 per cent of the group's 409-plus aircraft were not earning revenue.

GPA's advisers yesterday pointed out that the prospectus contains "the most pessimistic and gloomy" portrayal of the company and parts of it were already out of date.

As of last Friday the company said only 34 aircraft were not earning revenue. It is confident it will find new leases for most of the aircraft still not not earning revenue.

The group admits that it will make a loss for the half-year to the end of September and for the year ending March 1993. But it blames this loss primarily on the cost of cancelling its flotation, estimated at around $23m in legal fees, and the cost of the refinancing plan aimed at deferring up to $1bn of debt payments, expected to be more than $20m.

Nonetheless, the information contained in the prospectus is likely to cause some concern to shareholders and lenders.

Mr Jack Hersch, director of research at M.J. Whitman, the Wall Street firm specialising in bank debt trading, believes that the prospectus highlights the areas of concern for the core lenders. "Given the problems facing its core business [leasing] the banks must be concerned with the company's ability to maintain the value of the collateral in a depressed aircraft market," he said.

GPA's financial advisers do not pretend that it is easy to conduct talks about its future with its creditors amid a deterioration in the airline and aircraft industry.

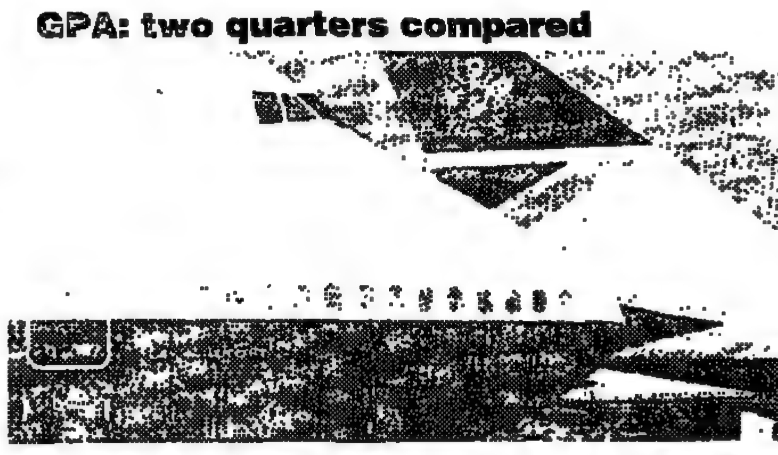
However, they remain confident that final agreements on deferring billions of dollars of aircraft will be announced shortly.

The prospectus warns that its talks with aircraft manufacturers are conditional upon GPA reaching agreement with its bankers regarding the restructuring of its borrowings and upon agreements with shareholders regarding new equity financing.

It adds: "There can be no assurance that these conditions will be satisfied or that the agreements will not be modified as part of the ongoing conditions." Most of GPA's shareholders are still waiting for the talks with bankers and aircraft manufacturers to conclude before considering whether to take part in any future equity financing.

One of GPA's shareholders said he reluctantly concurred with the prospectus that as things stand there is no assurance that the talks with bankers or aircraft manufacturers will be successful.

GPA: two quarters compared



Qtrs ended June 30 1991 and 1992	1991 Q2 ($m)	1992 Q2 ($m)	% change
Revenues			
Aircraft leasing	176	221	+26%
Aircraft sales	297	541	+82%
Fees, commission etc	2	15	+650%
Gross profit			
Aircraft leasing	24	11	–54%
Aircraft sales	35	31	–11%
Fees, commission etc	3	18	+500%
Sales and admin costs	11	14	+27%
Share of joint venture income	12	4	–67%
Pre-tax income (before minority interests)	63	50	–21%

Source: GPA

Record output helps profits at Vauxhall

By Kevin Done, Motor Industry Correspondent

VAUXHALL, the UK subsidiary of General Motors of the US, is understood to have increased its pre-tax profits by more than 40 per cent this year to around £190m ($288m), helped by record output from its two UK assembly plants.

The higher profits, achieved in spite of recession in the UK, contrast with the financial performance of Ford of Britain, the UK market leader, which fell into heavy loss in the second half.

Vauxhall said yesterday it had:

- *increased production of* cars and light vans at its two assembly plants at Luton, Bedfordshire, and at Ellesmere Port, Cheshire, by 15.3 per cent this year to 302,047;
- increased its UK new car registrations by 7 per cent to around 266,000 in a market which it expected to have declined marginally to 1.587m from 1.592m in 1991;
- increased its share of the UK new car market to a record 16.8 per cent from 15.6 per cent; and
- raised its productivity by 8 per cent with a fall in its workforce to 10,871 from 11,248 in spite of opening an engine plant at Ellesmere Port.

Vauxhall's market share in the UK peaked at 16.6 per cent in 1985, while its vehicle output reached 276,031 in 1990.

- Renault, the state-controlled French motor company, suffered a sharp deterioration in the final quarter, said Mr Louis Schweitzer, chairman, writes Alice Rawsthorn in Paris. He said Renault, which forecast profits of FFr6bn ($1.11bn) for 1992, made pre-tax profits of FFr7.5bn in the first three quarters.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

AMB shrugs off legal move to halt BfG deal

By Christopher Parkes in Frankfurt

A LAST-minute legal bid to stall a three-way deal designed to give France's Crédit Lyonnais control of Germany's troubled BfG bank, will fail, according to Aachener und Münchener Beteiligungs.

AMB, the insurance group controlling BfG, insisted yesterday that today's extraordinary general meeting would go ahead as planned, despite court action by one shareholder.

The meeting will be asked to approve the takeover and also grant Assurances Générales de France (AGF) full voting rights on its 25 per cent stake in AMB. An individual shareholder "obviously" acting on behalf of a third party had asked an Aachen court on Christmas Eve for a temporary injunction postponing the meeting, AMB said.

The plaintiff, Mr Wilm Lürken, a lawyer holding one AMB share, had also demanded that if the meeting went ahead, any decisions taken should not be allowed to take effect.

AMB said it expected the application to be dismissed as groundless at a court hearing scheduled for January 12.

No details were available of the contents of Mr Lürken's application nor of shareholders he might represent. However, most speculation focuses on La Fondiaria, an Italian insurance group with a 30 per cent holding in AMB. A handful of small shareholders has also been agitating against part of the deal.

Registration of the state-owned French insurer's effective blocking stake will markedly dilute La Fondiaria's influence at AMB. The extent to which AMB's present shareholders will be required to guarantee outstanding BfG loans after the takeover is also believed to be a further source of friction.

The bank, part-owned by a German trade union holding company, is heavily exposed in eastern Europe and the former Soviet Union.

Meanwhile, small shareholders say the state-owned French insurer AGF, which engineered the deal with Crédit Lyonnais in return for assurances that its shares would be registered, should be obliged to make a full bid for AMB.

Contracts on the sale of 50 per cent plus one share in BfG to the state-owned Crédit Lyonnais were signed on December 23. The French bank, which recently announced a FFr1.79bn capital increase, plans to inject DM1.2bn into its acquisition.

Study urges review of accounting requirements

By Andrew Jack

LISTED and unlisted companies in Europe should be subject to different accounting requirements, an analysis from the Federation of European Accountants suggests.

"Profound" differences in accounting policies exist as much between listed and unlisted companies as they do between different European countries, it concludes.

The survey also provides a hint that companies can expect the European Commission to pay greater attention to the treatment of intangible assets and lease contracts in the coming months.

Writing in a preface, Mr Geoffrey Fitchew, EC commissioner for financial institutions and company law, said the EC-sponsored Accounting Advisory Forum will be considering these two issues.

The 1992 survey of published accounts from Fédération des Experts Comptables Européens (FEE)which represents accountancy bodies across Europe, is based on a study of the accounts of 441 small and medium-sized companies in 11 EC countries, and four EFTA countries.

Companies traded on secondary markets are treated as unlisted. It found that listed companies are more likely to provide information than unlisted companies, although they offer less on off-balance sheet financing.

Different practices between the two categories were most pronounced in topics such as availability of financial statements, provision of additional statements, changes in valuation policies, off-balance sheet information and use of current values.

The study found listed companies tend to change accounting policies more frequently, but they are no more likely to use accounting policies which flatter profits than unlisted companies. It recommends greater accounting guidance on the treatment of long-term contracts.

1992 FEE analysis of European accounting and disclosure practices. Routledge. £60

New issues at record levels in US

By Nikki Tait in New York

NEW CORPORATE issues of debt and equity securities surged to record levels in 1992, as companies took advantage of low US interest rates and a solid stock market and put their balance sheets into better shape.

According to provisional figures from Securities Data, the financial information group, companies have raised more than $1,000bn through underwritten debt and equity offering worldwide during the past 12 months.

Of this, over $838bn was raised in the US – a 42 per cent increase on the previous record amount of $590bn raised in 1991. Over $282m is estimated to have been raised outside the US, with volumes picking up towards the year-end, as interest rates in a number of European countries fell.

The sizzling US activity has meant Wall Street investment banks have enjoyed record fees from underwriting new issues – a fact reflected in employee bonus payments.

Securities Data suggests the underwriters will have earned over $6.7bn in 1992, up by almost 45 per cent from the $4.7bn which they netted in 1991, the previous all-time high.

The biggest winner is reckoned to be Merrill Lynch, earning around $1.4bn. Goldman Sachs fell into second place with $909m and Lehman Brothers came in third, with $631m. Morgan Stanley took fourth place ($611m), followed by First Boston ($477m).

The surge in corporate issues was spread across debt and equity markets. Domestic debt offerings, excluding mortgage and asset-backed securities, totalled over $301bn – almost as much as companies raised in this fashion in 1991 and 1992 combined.

Helping to boost this figure was the revival of the "junk bond", or high-yield security; offerings of "junk bonds" raised around $38bn, surpassing the previous annual record of $31bn set in 1986.

On the equity front, common stock (or ordinary share) issues raised $72.4bn, a 29 per cent increase over the previous record figure of $56bn seen last year.

The volume of initial public offerings – or flotations – soared to $38bn, well in excess of the record $25.5bn raised in 1986. During the year, more than 600 new corporate listings were established, although the pace at which companies were coming to the stock market did ease in the second half of the year as investors appeared to have reached saturation point.

Broker settles dispute with Sakura Bank

By Robert Thomson in Tokyo

YAMATANE Securities, an ailing second-tier Japanese broker, appears to have settled a protracted dispute with Sakura Bank, its main bank, over a restructuring programme and the appointment of new board members.

Sakura is planning to send an executive to take control of Yamatane, which reported a net loss of Y25.4bn ($205m) last fiscal year and is likely to report another large loss this year due to the continuing weakness of stock prices and trading volume on the Tokyo market.

But the fate of the broker's former chairman, Mr Tomiji Yamazaki, remains unclear. As part of the reform plan, he has promised to resign next June as a board member, though his family has controlled Yamatane since its founding in 1933 and is likely to continue to exercise influence over the management.

The difficulties of returning Yamatane to profit were highlighted on Monday when the trading volume on the Tokyo market was a meagre 117m shares, the lowest level for 10 years, and particularly damaging for second-tier brokers which are more reliant on stock commissions than the big four brokers.

Negotiating the reform plan was complicated by a disagreement between Mr Tomiji Yamazaki and his brother, Seizo, who runs Yamatane Corporation, a warehouse operator and food distributor with a 6.2 per cent stake in the broker.

Tomiji had appealed to Seizo for assistance, but the latter was dismayed by the controversy that the broker has drawn to the Yamatane name over the past two years.

Yamatane was investigated by the finance ministry for its role in a "tobashi" scandal, in which brokers shuffled stocks around client accounts to avoid booking losses. But some of those clients discovered they were left holding the losing stocks, leading to legal actions against Yamatane.

Overseeing the reform of Yamatane will add to Sakura's expertise in the securities industry, though the deregulation of Japan's financial system has slowed, and the bank may have to wait several years before it can establish a subsidiary to deal in stocks.

"Since we are the main bank of Yamatane, it is natural that we would give them assistance. We have been occasionally helping them and we are studying a request for us to send them a new president," Sakura Bank said yesterday.

Yamatane said three creditor banks, Asahi, Mitsubishi Trust and Nippon Credit Bank, will be satisfied by the increased authority given to Sakura.

Donohue may acquire Domtar newsprint mills

By Robert Gibbens in Montreal

DONOHUE, the forest products unit of Quebecor, North America's second biggest commercial printer, is considering buying two newsprint mills from Domtar, a struggling pulp and paper group controlled indirectly by the Quebec government.

The two mills in the Quebec city area are worth several hundred million dollars.

Domtar has modernised them, but wants to concentrate its resources on its other mills in eastern Canada making business and copying papers, fine papers and other products.

It is also North America's third largest producer of gypsum wallboard – a business it would like to sell when construction markets recover.

"Nothing is settled until talks are completed," said Mr Michel Pagé, president of Donohue and a former senior Quebec cabinet minister. His company is one of North America's lowest-cost producers of newsprint, market pulp and timber products.

Finmeccanica plan to merge units welcomed

By Haig Simonian in Milan

INVESTORS have welcomed the plan by Finmeccanica, the holding company controlling most of Italy's state-owned aerospace and engineering activities, to merge its listed subsidiaries into a single quoted group.

The combined unit would bring together under Finmeccanica, which gained a stock market listing in October, its Alenia aerospace business and Elsag-Bailey precision engineering arm.

Brokers compare the agglomeration, to be approved by shareholders' meetings in February, with international engineering conglomerates.

Finmeccanica said the merged unit will be Italy's second biggest quoted engineering group behind Fiat, with a market capitalisation of about L2,100bn ($1.4bn). Net earnings should be "at least" on a par with the L186.8bn made in 1991 before the exceptional repayment of L719bn in aid and interest to IRI, the state holding company which controls Finmeccanica.

Should all minorities approve the share swap, IRI's stake in Finmeccanica's ordinary shares will drop to 86.6 per cent from 96.4 per cent in what could be the first stage in a bigger dilution of the Italian government's stake given under its privatisation plans. Mr Piero Barucci, the treasury minister, recently forecast capital increases for Finmeccanica and Stet, IRI's telecommunications holding company. The state could eventually hold less than 50 per cent of the shares in a recapitalised Finmeccanica, he indicated.

The timing may partly depend on the financial state of IRI. The transaction which gave Finmeccanica a stock market listing via the reverse takeover of its quoted Sifa subsidiary, was to have been the prelude to a multi-stage capital increase. Finmeccanica would have raised L1,700bn via a cash injection from IRI, bank credits and convertible bonds for private investors. However, IRI's financial difficulties and the poor state of the bourse forced it to shelve immediate cash-raising plans.

Soeryadjayas lose majority stake in Astra

By William Keeling in Jakarta

THE SOERYADJAYA family yesterday lost their majority stake in Astra International, Indonesia's dominant automotive company, when they sold 26.5m shares for Rp265bn ($129m).

The buyer of the stake, 10.9 per cent of the company, has not been revealed, but brokers say it is the pension fund of state-owned Bank Negara Indonesia.

Astra has been engulfed by an ownership crisis following the mid-November suspension of Bank Summa, privately owned by the Soeryadjaya family, with outstanding obligations of Rp1,600bn. On December 14, the central bank ordered Bank Summa's liquidation.

Yesterday's sale leaves the Soeryadjaya family holding about 111m Astra shares, or a 46 per cent stake, most of which is pledged to banks against loans on which the family is currently in default.

"The sale shows the government is committed to supporting Astra and should provide comfort to Toyota and banks with exposure to Astra", explained one foreign broker.

Toyota vehicles accounted for about half Astra's Rp4,933bn turnover in 1991 and the company is considering the purchase of 20m shares offered by Soeryadjayas. Astra has more than $900m in outstanding loans from foreign banks.

Brokers said yesterday's transaction involved shares pledged to Bank Universal, which is 51 per cent owned by Astra International.

Business colleagues of the Soeryadjayas said the shares were pledged against loans of about Rp250bn, equivalent to 30 per cent of the bank's total loans as of last December.

Astra officials have denied details of the loans.

To cover Bank Summa's obligations, the Soeryadjayas have also been negotiating the sale of at least 100m shares to a consortium led by Mr Prajogo Pangestu, a timber tycoon. An agreement was signed last week but was then blocked by Mr Sumitro Djojohadikusumo, chairman of Astra, who has since resigned his post.

Talks with the consortium are continuing, although Mr Pangestu said at the weekend he valued Astra at Rp7,000 a share, against the Rp10,000 price of yesterday's deal.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.05 pm on December 29

U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield — OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield

[illegible]

DEUTSCHE MARK STRAIGHTS — FLOATING RATE NOTES | Issued | Bid | Offer | C.cpn

[illegible]

SWISS FRANC STRAIGHTS — CONVERTIBLE BONDS | Issued | Conv. price | Bid | Offer | Prem.

[illegible]

YEN STRAIGHTS

[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	31	8	41
Other Fixed Interest	7	3	5
Commercial, Industrial	461	109	856
Financial & Property	246	49	502
Oil & Gas	27	5	53
Plantations	0	1	8
Mines	48	14	79
Others	67	11	43
Totals	887	200	1,587

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	135½	100	BTR Warrants 1997	132½	+2½	–	–	–	–
§220	F.P.	–	250	231	Critchley Group	243		L6.1	2.2	3.3	17.2
–	F.P.	–	103	100	For & Col. PEP Inv Tst.	103	+1	F3.38	–	4.4	–
100	F.P.	–	102	98	Hoare Govett Smlr Co's	101		–	–	–	–
90	F.P.	–	103	98	Hunters Armley	101		W3.38	2.2	4.5	13.5
51	F.P.	–	54	52	Intl. Food Machinery	52		–	–	–	–
–	F.P.	–	38	30	Jos Hldgs Cap	38		–	–	–	–
–	F.P.	–	92	87	Do. Inc.	92		F11.5	–	26.7	–
–	F.P.	–	109½	101	Do. Zero Div. Pf.	109½	+½	–	–	–	–
165	F.P.	–	183	168	National Express	181		W7.12	1.5	5.2	11.9
–	F.P.	–	1½	1½	‡Prime People Warrants	1½		–	–	–	–
–	F.P.	–	103	95	Second Consolidated	97		–	–	–	–
65	F.P.	–	239	73	Tadpole Technology	167	+5	–	–	–	–
120	F.P.	–	308	157	‡Tepnel Diagnostics	192	–3	–	–	–	–
160	F.P.	–	210	165	Wetherspoon (J.D.)	210		W4.8	2.6	3.0	17.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	115p	104¼p	Bristol Water 8¼pc Pf.	115p	
100p	F.P.	-	104½p	100½p	Commercial Union 8¾pc Cm. Pf.	104½p	+½
100	F.P.	-	114½	104¾	NFC 7¾pc Cv. Bd. 2007	113	
150p	P.P.	-	127p	98p	Wassall Non-Int. Brg. Cr. ULS	127p	
-	F.P.	-	179p	177½p	Yeoman Inv. Zero Prf	178p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
35	Nil	18/1	4pm	3pm	‡Hillclare	3pm	
100	Nil	1/2	27pm	24pm	‡Learmonth & Burchett	27pm	+1
85	Nil	5/2	1½pm	¼pm	Lonrho	½pm	–¼
25	P.P.	1/3	20	10	Property Trust	13	
240	Nil	27/1	60pm	43pm	Seton Healthcare	60pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Dec. 21
- Last Dealings Jan. 8
- Last Declarations March 25
- For settlement April 5

3-month call rate indications are shown in Saturday editions.

Calls in ASDA, Bristol Eve. Post, Costain, Enterprise Computer, First Natl. Fin., Ibstock Johnsen, Kwik-Fit, McCarthy & Stone, Medeva, Ocean Grp., Pentos, Premier Cons., Royal Insce. and Shandwick. Double in Shandwick.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

Option		Feb	May	Aug	Feb	May	Aug
Brit Aero (*161)	160	20	28	32	17	27	30
	180	12	21	25	29	38	44

December 29 Total Contracts 10,583
Calls 5,569 Puts 5,014
FT-SE Index Calls 1,559 Puts 1,725
Euro FT-SE Calls 321 Puts 36
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Tue Dec 29	Day's change %	Thu Dec 24	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	127.55	+0.03	127.79	1.75	12.73
2	5-15 years (23)	145.83	+0.06	145.75	2.17	13.51
3	Over 15 years (8)	153.38	+0.01	153.37	2.52	12.15
4	Irredeemables (6)	170.95	+0.06	171.84	1.15	14.68
5	All stocks (61)	142.09	+0.04	142.14	2.08	13.33
	Index-Linked					
6	Up to 5 years (2)	183.83	+0.05	183.75	0.94	3.68
7	Over 5 years (11)	165.58	+0.34	165.02	0.74	4.93
8	All stocks (13)	166.84	+0.30	166.34	0.76	4.74
9	Debs & Loans (62)	124.02	+0.14	123.85	2.86	11.27

	AVERAGE GROSS REDEMPTION YIELDS		Tue Dec 29	Thu Dec 24	Year ago (approx.)
	British Government				
1	Low	5 years	7.16	7.16	9.02
2	Coupons	15 years	8.28	8.19	9.50
3	(0%-7¾%)	20 years	8.45	8.45	9.50
4	Medium	5 years	7.49	7.50	9.95
5	Coupons	15 years	8.61	8.61	9.60
6	(8%-10¾%)	20 years	8.79	8.79	9.55
7	High	5 years	7.71	7.72	10.16
8	Coupons	15 years	8.89	8.90	9.68
9	(11%-)	20 years	8.98	8.99	9.60
10	Irredeemables (Flat Yield)		8.86	8.87	9.71
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.53	2.54	4.15
12	Inflation rate 5%	Over 5 yrs.	3.83	3.85	4.45
13	Inflation rate 10%	Up to 5 yrs.	1.70	1.71	3.51
14	Inflation rate 10%	Over 5 yrs.	3.64	3.66	4.27
15	Debs & Loans	5 years	8.94	8.94	11.[illegible]
16		15 years	9.84	9.84	[illegible]
17		25 years	10.84	10.04	10.93

هكذا من الأصل

INTERNATIONAL COMPANIES & CAPITAL MARKETS

Treasuries firm in early trading

By Karen Zagor in New York and Sara Webb in London

US Treasury prices firmed yesterday morning in spite of further signs that US consumer confidence is growing.

By midday the benchmark 30-year government bond was ⅛ higher at 103⅛ yielding 7.361 per cent.

At the short end of the market, the two-year note was up ⅛ to yield 4.608 per cent.

GOVERNMENT BONDS

Price movements were magnified by thin volume.

The Federal Reserve added liquidity to the banking system by arranging $2bn in customer repurchase agreements when Fed Funds were trading at 3⅛ per cent.

The economic news of the morning included an unexpectedly strong consumer confidence index for December, which climbed to 78.3 from 65.6 in November.

In addition, the National Association of Realtors said existing home sales rose 5.6 per cent.

Although both numbers were stronger than had been expected, they were consistent with an economy which is growing slowly.

■ UK government bond futures climbed more than half a point yesterday in thin trading, encouraged by a relatively strong *US Treasury bond market* and some meagre year-end buying.

Dealers pointed out that the thin market – only about 7,000 gilt futures contracts were traded – accentuated the gains yesterday.

The market opened on a weak note, which dealers attributed to the morning's reports of a big turn-out at the post-Christmas sales.

A strong surge in consumer spending could be disappointing for the gilt market as it would reduce the chance of another cut in the base rate.

The Liffe gilt futures contract rose from 100.17 at the opening to break through the 101.00 level and traded up to around 101.05 by late afternoon.

Activity in the cash market was subdued, with the 10¼ per cent gilt due 1997 edging up to 111⅛, compared with a closing price of 110⅞ on Christmas Eve.

The Bank of England announced yesterday afternoon that a £350m tranchette of 9 per cent Treasury stock due 2012 had been exhausted.

■ GERMAN government bonds edged lower with the market absorbing the new Federal bund issue launched yesterday.

The Federal bond consortium issued DM3bn of 7⅛ per cent bunds due December 2002, and a further DM7bn is expected to be issued today.

Dealers said the 2002 bund, which will become the new benchmark next month, was issued at 100.40 and was quoted at well above its book price.

In the futures markets, Liffe's March Bund futures contract ended at around 92.52, down 0.07 point from the previous close.

■ JAPANESE government bond prices ended little changed on the day with dealers noting some profit taking.

The March futures contract, which broke through the important 108.00 resistance level on Christmas Day trading following the release of disappointing economic data, ended at around 108.24 in London trading yesterday.

In the cash market, the yield on the benchmark 145 moved between 4.525-4.545 per cent, *ending at 4.535 per cent* compared with its Monday close of 4.525 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	106.9379	-0.001	8.92	8.94	8.78
BELGIUM		8.750	06/02	105.8000	-	7.88	7.94	8.01
CANADA *		8.500	04/02	103.8000	-0.550	7.91	7.82	8.00
DENMARK		9.000	11/00	100.4500	+0.750	8.91	9.08	8.95
FRANCE	BTAN	8.500	03/97	101.7923	+0.210	7.98	8.09	8.14
	OAT	8.500	11/02	102.8550	+0.180	8.06	8.15	8.22
GERMANY		8.000	07/02	106.1000	-0.040	7.23	7.25	7.37
ITALY		12.000	05/02	94.1500	-0.650	13.52†	13.62	13.47
JAPAN	No 119	4.800	06/99	101.4791	-0.002	4.51	4.52	4.49
	No 145	5.500	03/02	106.2762	+0.132	4.53	4.58	4.63
NETHERLANDS		8.250	06/02	106.7600	+0.180	7.23	7.35	7.48
SPAIN		10.300	06/02	88.3000	-0.050	12.44	12.37	12.65
UK GILTS		10.000	11/96	109-06	-	7.22	7.28	7.36
		9.750	08/02	109-13	+1/32	8.31	8.35	8.44
		9.000	10/08	103-13	-	8.60	8.62	8.81
US TREASURY *		6.375	08/02	97-17	-3/32	6.73	6.68	6.88
		7.625	11/22	102-20	-1/32	7.40	7.37	7.56
ECU (French Govt)		8.500	03/02	99.1550	-	8.63	8.70	8.84

London closing, *denotes New York morning session   Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal   *Technical Data/ATLAS Price Sources*

FT FIXED INTEREST INDICES

	Dec 29	Dec 24	Dec 23	Dec 22	Dec 21	Year ago	High *	Low *
Govt Secs (UK)	94.09	94.07	94.05	93.90	93.54	86.28	95.54	85.11
Fixed Interest	109.46	109.43	109.26	109.21	109.05	96.72	110.26	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices†	Dec 24	Dec 23	Dec 22	Dec 21	Dec 18
Gilt Edged Bargains	40.9	89.1	123.0	78.6	100.0
5-Day average	86.4	87.0	98.7	97.7	102.8

† SE activity indices rebased 1974

Improved earnings forecast by BCI

By Haig Simonian in Milan

BANCA Commerciale Italiana, the Italian bank, has forecast improved 1992 operating earnings in spite of the need for higher provisions and write downs.

Last year, BCI, one of the country's main privatisation candidates, reported gross operating profits of L1,139bn ($825.9m) and net earnings of L317.5bn.

BCI said its latest results indicated a second-half upturn compared with trading conditions in the first six months, when it reported operating profits of L594bn.

But it warned of heavier write-downs this year on securities and problem loans, while expenses had risen on account of its branch opening plans, which saw an increase in its total network to almost 700 units.

● Internationale Nederlanden, the big Dutch banking and insurance group, has bought the remaining 40 per cent in Sviluppo, the Milan-based financial services group, it did not own.

The deal represents a change of tack for Mr Francesco Micheli, the financier whose quoted Finarte group controlled Sviluppo.

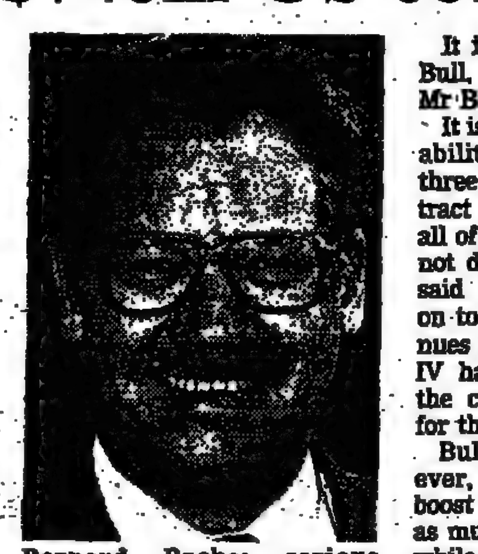
Meanwhile, Mr Micheli is to stay on as chairman of Sviluppo.

Groupe Bull 'dumbfounded' by loss of $740m US contract

By Alan Cane

IT WAS a less than happy Christmas for Groupe Bull, the French state-owned computer manufacturer. Its senior management learned on December 24 it had lost a prize – a $740m personal computer contract for US Air Force – it had believed was securely in the bag.

"We are dumbfounded," a company spokesman said yesterday. The contract, known as Desktop IV and involving the supply of some 300,000 computers over three years, was awarded to *Zenith Data* Systems, Bull's US-based PC arm, in the late summer.



Bernard Pache: serious setback for the company

As late as a week ago Bull executives believed appeals against the award mounted by unsuccessful bidders for the contract would be turned down.

Last week, however, administrative judge Catherine Hyatt ruled that the appeals, by a group of computer companies including CompuAdd Computer, Apple Computer, Electronic Data Systems and Government Technology Services, should stand.

The arguments behind the 53-page ruling will not be made public until January 4, apparently for reasons of commercial confidentiality, leaving the participants in some confusion.

There was no clear indication yesterday of whether Desktop IV would be rebid, or whether the government would move directly to Desktop V.

Some argue the contract has now become an embarrassment for the Pentagon because it was the first to be awarded under a new fast-track bidding process, designed to give the armed forces speedy access to the most advanced technology.

It is also a serious blow for Bull, under its new chairman Mr Bernard Pache.

It is struggling back to profitability and credibility after three years of losses. The contract was not the be and end all of the company "but it does not do our image much good" said a spokesman, who went on to point out projected revenues and *profits* from Desktop IV had not been included in the company's budget figures for the coming year.

Bull had anticipated, however, that Desktop IV would *boost its revenues perhaps* by as much as 20 per cent a year, while providing much needed manufacturing volume to keep prices down.

The contract would also have been a strong endorsement of the quality of the company's products and an indication that its French ownership was no bar to doing business with the US government.

Bull said yesterday, however, that any suggestion that its ownership was a reason for the judge's decision was far off the mark, pointing out that Bull already sells more than $100m worth of computer equipment annually to the US government.

Carrefour sells catering arm

By Alice Rawsthorn in Paris

CARREFOUR, one of France's largest food retailing and hypermarket groups, has sold its catering division, Eris Res*tauration, to Phénix Richelieu*, an investment company.

The disposal, for an undisclosed sum, comes as Carrefour's retailing activities are under pressure due to the economic slowdown in France.

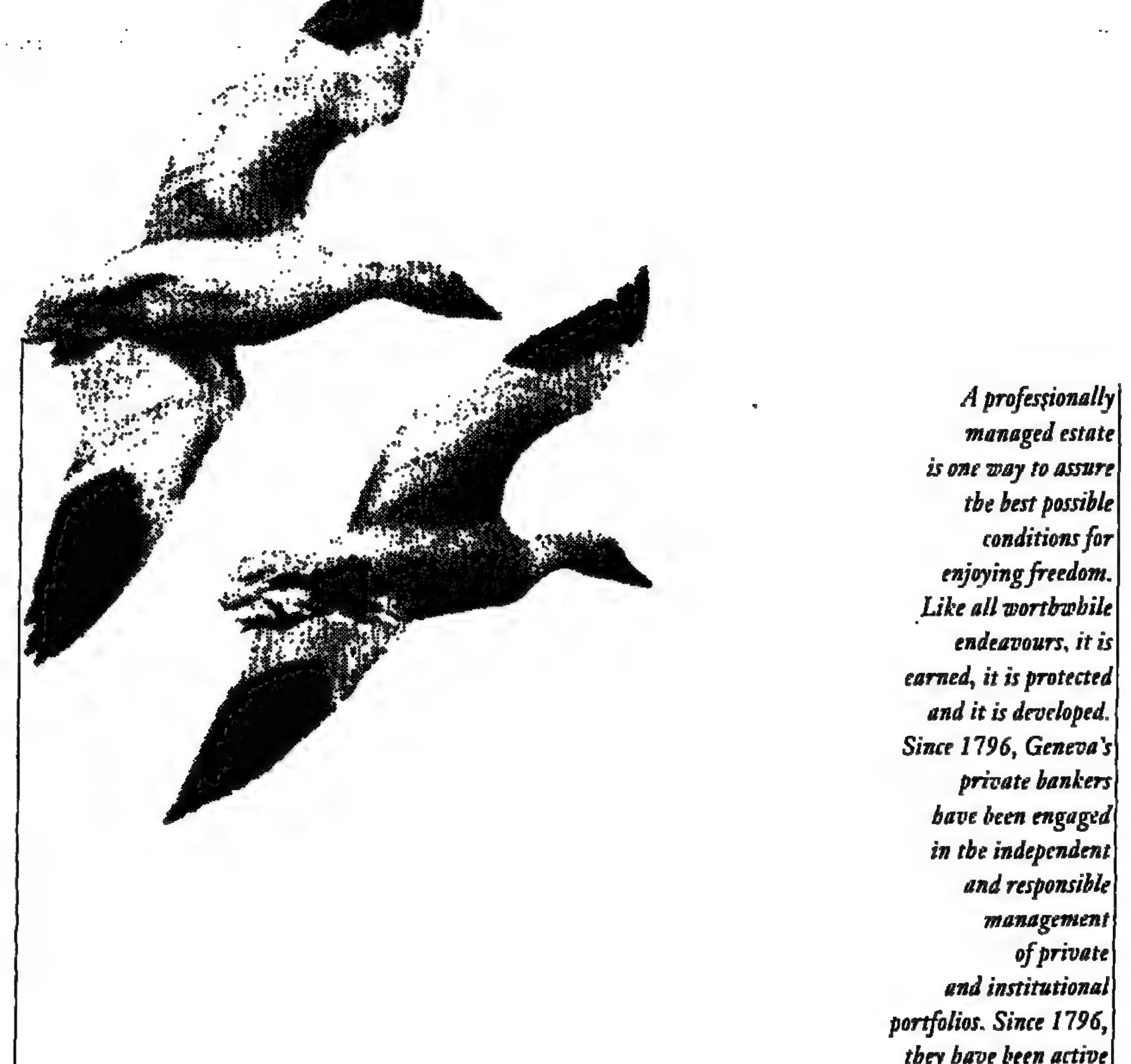
Consumer spending has been hit by concern about rising unemployment and the impact of high real interest rates.

Mr Michel Bon this autumn resigned as Carrefour's chairman after reporting a sharp fall in interim profits. Earlier Mr Jacques Fournier, his successor, *said November* sales had been "the worst in the company's history".

He also warned that Carrefour's chances of meeting its forecast of a 10 per cent profit growth this year – from FFr1.21bn ($224m) on sales of FFr100.38bn in 1991 – would be entirely dependent on the pattern of December trading.

The disposal of Eris will provide capital for Carrefour and enable the management team to concentrate on its core retail interests. Eris, which owns *France's fourth largest chain of* cafeterias and four fast food outlets, is expected to record sales of FFr400m this year.

Phénix Richelieu is linked to Banque du Phénix, part of the Assurances Générales de France insurance group, and the Société Marseillaise de Crédit bank.



Tough times ahead for the fund raisers

By Peggy Hollinger

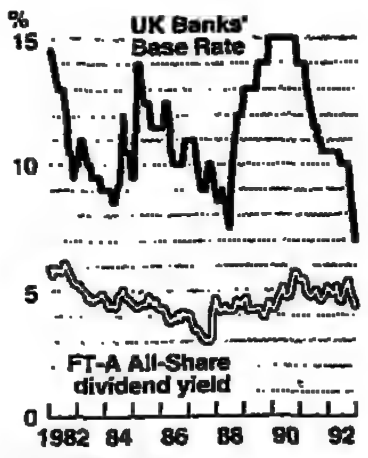
COMPANIES are expected to face some of their toughest challenges of the recession in 1993 as they seek to finance recovery, according to Robert Fleming, the merchant bank.

In its review of 1992, published yesterday, Flemings Corporate Finance warned that the government's need to fund its growing deficit would absorb an increasing proportion of institutional funds.

"Until this changes," the report states, "institutional cash flow will remain under pressure, companies will be strapped for cash and banks reluctant to lend."

Seekers of equity finance raised just £4bn in 1992, less than 40 per cent of the record level in 1991. However, Flemings expected "substantial cash raisings" in 1993 as stronger companies sought development finance. "Recent issues provide grounds for optimism that the market may be willing to provide funding for acquisition and development, although it is equally clear that such capital is less easily available," the report states.

The scarcity of equity finance, combined with lower interest rates, might well promote an increased interest in debt financing, according to Ms Liz Holt of Flemings Corporate Finance. The decline in interest rates had already made debt much more competitive in comparison with the costs of servicing equity – ie, the amount paid in dividends. Again, however, companies would have to compete for scarcer loan funds as banks are increasingly reluctant to lend.



Source: Datastream

Flemings said the most vulnerable would be smaller companies. "Smaller companies continue to find life disproportionately more difficult than their larger counterparts."

Sectors that have fallen out of favour, such as heavy capital goods, will emerge from the recession hungry for funding. However, the markets may be unwilling or unable to meet their needs.

Responding to the report's findings, Mr Robert Cooper, chief executive of Flemings Corporate Finance, suggested that a more creative approach to equity finance could ease the financing burden. Flemings was architect of the £2.16bn sale of 270m Wellcome shares last summer, which was achieved by a book-building method unusual in the UK.

Mr Cooper urged the Stock Exchange to promote the liberalisation of domestic capital markets, thus making "more unusual forms of equity raising available to a broader spread of companies".

The report also suggested that merger and acquisition activity continued to decline because of the increasing focus on better utilisation of existing resources rather than diversification.

Over the last 12 months, the report found that corporate profitability had continued to decline, activity was low and industrial confidence further eroded. Cash generation, however, had begun to improve.

Counteracting a parent's tarnished image

Maggie Urry describes how Westminster Health Care is preparing for its flotation

WESTMINSTER Health Care, a leading nursing home operator, had always traded fairly autonomously from its US parent, National Medical Enterprises. So when it was working on a flotation in the autumn, it was shocked to discover that litigation in which NME was embroiled would overwhelm the process.

After many transatlantic phone calls and flights, the flotation process was postponed until next spring, when the UK management hopes that NME will have more time to spend on the offer, expected to value WHC at more than £100m.

NME's difficulties – which led to its own share price diving – stemmed from two separate, but related, legal contests.

In September 1991, the state of Texas sued NME, alleging that its psychiatric hospitals in the state were admitting patients unnecessarily. By June this year NME had come to a settlement with Texas, without admitting wrongdoing. WHC thought the issue would fade away.

Then in July NME sued three insurance companies saying that bills for psychiatric care had not been fully paid by the patients' insurers. Within days, the three companies and another five, had responded with a lawsuit alleging overcharging. This litigation continues.

These cases not only distracted NME's management, but also cast a cloud over the WHC flotation. Could investors be asked to put money into a company which, however distantly, was connected with allegations of fraud? Was there the chance that WHC would one day be faced with costly litigation in the UK? In its 1992 accounts NME took a $218m (£145m) pre-tax charge to cover the cost of reorganising its psychiatric division and a $24m after-tax charge for the Texas settlement and legal costs.

Mr Pat Carter, managing director of WHC, argues that the UK end has always been run distinctly from its US parent. It does not operate psychiatric hospitals or treat acute psychiatric patients.

To ensure standards of quality are maintained, a drive to gain BS 5750 approval for the homes has started. Mr Carter says that staff bonuses are only paid if both financial and quality targets are met.

Ultimately, he says, people will not come into the group's homes unless they are convinced of the quality of care. A bad reputation would quickly spread since the homes are generally sited within communities. Staff live locally, relatives visit, and each home has a resident's council where complaints can be aired without fear of reprisals from staff. Spot checks are also made.

But for the shadow cast by NME's problems, WHC would have had been able to tell a story any public relations executive would be proud to peddle. It would have started with Mr Carter arriving early one day for an appointment with a lawyer, thumbing through a copy of Business Week while he waited, and spotting an article about nursing homes.

After the flotation, WHC believes it would have reached a size where it would be able to fund continued expansion from internal resources rather than needing further equity. Smaller nursing home operators have needed to call on shareholders repeatedly for capital to grow

Mr Carter, who had spent 10 years working for MAI, the financial services and advertising group, instantly realised nursing homes offered a business opportunity. He bought one which confirmed his view, and decided to expand to a chain of homes.

While travelling in the US he found himself in Seattle and on the off chance rang a local nursing home operator and arranged to meet for a chat. That conversation led to NME giving financial backing to Mr Carter's plan to build a UK chain.

NME owns 90 per cent of WHC's shares, the rest held by Mr Carter and a colleague, but it owns smaller proportions in its other non-US operations. However, the decision to float WHC was not motivated by a need by NME to raise cash. Although its stake will be cut below 50 per cent, the shares sold will be new, with the money going to repay WHC's debt of about £60m, and to fund further expansion.

WHC's business has grown rapidly in the seven years since it was started, and the prospect is of continued rising demand for homes for elderly people who need round-the-clock nursing care.

It now owns or operates 36 homes, of which 14 were opened during the financial year to end May 1992. Pre-tax profits have risen from £66,000 in 1988 to £1.7m in 1992. However, interest charges in the latest year were high at £3.6m, showing WHC's need for an equity injection to continue expansion.

After the flotation, WHC believes it would have reached a size where it would be able to fund continued expansion largely from internal resources rather than needing further equity. Smaller nursing home operators have needed to call on shareholders repeatedly for capital to grow.

WHC's formula of running purpose built homes, mainly offering single rooms with en-suite bathrooms, gives it an edge over some older homes where people often sleep three or more to a room.

Standards required of nursing homes are rising, and many older ones are expected to close. Further, as the population ages, and people live longer, demand for nursing homes is increasing.

The government's aim is for more elderly people to be looked after at home, a plan enshrined in the National Health Service and Community Care Act which comes into force in April.

But, Mr Carter says that the cost of providing constant nursing care in somebody's own home is higher than in a nursing home and "the higher dependency end of the market will continue to expand". WHC means to grow with it.

Whinney Mackay stays in loss

By Matthew Curtin

THE DIFFICULT trading conditions experienced in the second half of last year by Whinney Mackay-Lewis, the USM-quoted architectural practice, continued in the opening half of the 1992/93 year.

As a result the company finished the six months to end-October £353,000 in loss at the pre-tax level compared with previous profits of £119,000. For the 1991/92 year as a whole Whinney incurred a loss of £435,000, after an exceptional provision of £163,000.

First half turnover tumbled from £3.29m to £1.97m and led to an operating deficit of £109,000, against a profit of £375,000.

Mr Jeremy Mackay-Lewis, chairman, said it had not been possible "to keep pace with the decline in turnover for London-based operations", in spite of continued cost cutting in line with falling new commissions and "tight fee margins".

London developers were reluctant to go ahead with projects which were not pre-let. However, the refurbishment market was improving and the group recently received a number of valuable contracts.

In central London the group won planning approval for Basinghall House, for Wates City of London Properties, and Wellington House, for Trafalgar House. Hoggett Lock-Necrews, the subsidiary, was busy with food retailing superstores and a food distribution centre near the Severn Bridge.

The group's Welsh and international operations secured new business but margins were under pressure.

Losses per share were 3.7p (earnings 0.7p).

Leslie Wise founder dies

MR LESLIE WISE, executive chairman and founder of the eponymous textile and women's wear group, has died.

Mr Wise, who was in his 70s, died on December 26. It is likely that a non-executive chairman will be appointed in his stead.

For the past 10 years the Leicester-based group has, in effect, been run by Mr Wise's son, Neil, who is chief executive, and Mr John Gowers, managing director.

The Leslie Wise Group, which came to the stock market in 1958 as Rudkin & Laundon, supplies women's wear to retailers such as Burton and Etam as well as merchanting textiles.

In July, it announced a 12 per cent rise in interim pre-tax profits to £1.51m on turnover 25 per cent ahead to £22.8m.

BOARD MEETINGS

TODAY

Final- Estates & Agency

FUTURE DATES

Interims-	
Adscene Group	Feb 2
Colefax & Fowler	Jan. 21
Flextech	Jan 6
GT Japan Inv. Trust	Jan. 25
Hadleigh Industries	Jan 11
MMI	Dec. 31
MITIE	Jan 11
Neepsend	Jan. 4
OMI International	Jan. 15
Savills	Jan 7
Finals-	
Denmans Electrical	Jan. 14
Henlys	Mar. 25
Irish Continental	Jan. 6
NORWEB	Jun. 23
Rank Organisation	Jan. 14
Windsor	Jan. 14

Billiton seeks buyer for TDF

By Ronald van de Krol in Amsterdam

BILLITON, the metals and mining subsidiary of the Royal Dutch/Shell group, hopes to find a buyer for TDF Tiofine, its loss-making Netherlands-based producer of titanium dioxide pigment, within the next few months.

Mr Heinz Klaar, general manager at TDF Tiofine, said several international companies had expressed an interest in buying the company, but he declined to name them or to give the probable purchase price.

He said the process of finding a buyer would not be affected by TDF Tiofine's filing for a moratorium on payments to creditors on December 24.

Billiton wants to sell TDF Tiofine as a going concern to a larger producer of titanium dioxide in order to provide it with a secure future.

The Dutch titanium dioxide company, which opened a new production plant in the Botlek area of the port of Rotterdam less than three years ago, has annual capacity of 45,000 tonnes, making it a relatively small producer with annual turnover of about Fl 100m (£36.5m).

TDF Tiofine has incurred cumulative losses of more than Fl 100m since opening its new plant, which required a total investment of between Fl 300m and Fl 350m. The losses were attributed to the weakness of the dollar, overcapacity in the market and initial difficulties in getting the Rotterdam site on stream, Mr Klaar said.

Billiton, which is itself loss-making, is seeking to divest the company in line with its new strategy of emphasising upstream rather than downstream operations.

Confidence is the key to recovery

Andrew Baxter continues the FT's occasional survey of six companies in the engineering sector

THE HOLY grail of British industry – confidence – is making a faint but detectable reappearance in the engineering sector as a nightmare year in the battle against recession draws to a close.

The signals remain mixed, but the six companies in the FT's occasional survey of the engineering sector are beginning to sound a little cheerier about prospects for 1993.

Confidence among the six companies and their customers is not exactly flowing back, but is at least trickling back in most cases. Where it is not there are growing expectations that it will do over the next few months.

The autumn has brought considerable upheaval for the FT Six and British industry at large. Interest rates have come down by 3 percentage points, Black Wednesday has transformed terms of trade for both exporters and importers, and Chancellor Norman Lamont's Autumn Statement gave industry at least part of what it wanted on infrastructure spending and support for manufacturing investment.

All this activity has encouraged the FT Six, but the results at the front line – selling to customers – show that restoring something nebulous and unquantifiable such as confidence needs more than can be achieved simply by moving the financial parameters. Above all, it needs time.

Current conditions vary among the six companies, which operate in diverse sectors including machine tools and vehicle parts, gears and construction equipment.

In some there has been a very sharp rise in inquiry levels over the past three months, and evidence of more confidence, although not yet converted into orders.

Other companies see no signs of a change in UK market sentiment yet, but at least expressed "confidence about confidence".

Exporters are encouraged by a brighter outlook in US markets, which they are now better able to exploit because of the pound's devaluation. In Europe too, exporters such as Bloxwich are discovering new sales opportunities where doors were previously closed. But there is concern about continental European market conditions, which look to be worsening in some sectors.

As with their assessment of the current market, there is some divergence too on the scope or need for further cuts in interest rates.

Mr Colin Gaskell, managing director of 600 Group, believes a cut in interest rates of 2 percentage points would have a dramatic effect on confidence. "There are still people who think that it would not take too much before the Treasury hikes interest rates up - after all, they did it by 3 per cent in one day," he says.

On the other hand, Mr Gilbert Johnston, deputy chairman of JCB, says: "You could keep cutting interest rates for ever, but it's just going to take time for confidence to return." And Mr Peter Barker, chairman of Fenner, believes that, with the stabilisation of sterling, "the opportunity is there for a 1 point cut early in the new year. This would be another very firm indication that things are on the move".

This is how the six companies have fared over the autumn and their outlook for the next few months:

JCB

● JCB: The biggest British-owned construction equipment group is now producing at about one-third the rate of four years ago, and has reduced its workforce at its Rocester, Staffs, base by about 100 in the past three months.

However, the privately-owned company is still making a profit, says Mr Johnston. He sees no sign yet of any change in sentiment in the UK market, but says: "It must come through, of that we're confident."

Mr Johnston says sterling's devaluation had increased JCB's profit per unit sold in continental Europe, but there had been no real opportunity to increase volume sales.

The success of the Edinburgh summit should alleviate the recession on the continent. "To us, that is probably the biggest problem."

SENIOR

● At Senior Engineering Group, Mr John Bell, chief executive of the tubing, boilers and ductwork group, says: "I do think there is more confidence around in the UK, although there is not too much evidence of this in orders." But things are beginning to look up in the US market, where Senior is expanding its presence.

Devaluation of sterling, meanwhile, has been a two-edged sword, and the current rate against the D-Mark is too low. "It's this question of balancing the higher cost of imported materials against the benefits from exporting products," he says.

The group is trying to sell its mining equipment business and is closing its large turnkey power generation project side, with the loss of 90 jobs, because of the contraction of the UK coal industry.

BEL

● At Bloxwich Engineering, one of the UK's biggest independent producers of car and truck parts, devaluation has also brought benefits.

"We've seen a lot of interest in our products, particularly from Germany," says Mr Peter Burton, chief executive.

"They appreciate that Britain ought to be able to supply cheaper than Germany – the difficulty in the past was the price."

Overall, Mr Burton is optimistic. Recent government initiatives have been good for the UK motor industry, he says, and November/December sales, normally flat, have been better than expected.

"We believe there will be an uplift in the new year," he says – there could even be a marginal increase in employment next year from the current 400.

Mr Burton is particularly pleased by a big development order from Van Technology, the holding company for Renault and Daf's new generation of commercial vehicles.

posiva

● At Posiva, the UK subsidiary of the German gears and drives company, inquiry levels in the last three months were 58 per cent higher than in the previous quarter, says Mr Reg Bricknell, managing director.

Orders are up 2 per cent compared with this time last year, despite intensifying competition, and output is down 3 per cent.

Devaluation has been a mixed blessing. A lot of the inquiries concern export work, and Posiva has in any case been benefiting from a rise in orders as British manufacturers specify German components to win European export contracts.

The UK company imports all its products, however, and Mr Bricknell is now looking at sourcing components such as bearings and castings in the UK on behalf of its parent company, to make the whole product package more competitive. It could even acquire a UK gear manufacturer if one became available.

Fenner

● Fenner, the Hull-based power transmission and industrial conveyor belts group, has also been reshaping its mining equipment business over the past two years, and Mr Peter Barker, chairman, says the size and timescale of the Government's original pit closure plan was breathtaking.

Fenner is world leader in conveyor belting used in mines, about half of which goes for export. Mr Barker is now adopting a "wait and see" attitude while the coal industry's future is being reconsidered.

Elsewhere, Mr Barker sees some very faint signs of increased confidence, but cautions that it is too early to see substantial benefits from the interest rate cuts and Autumn Statement initiatives.

Devaluation of sterling has produced distinct advantages in markets with dollar-related currencies, although again these do not happen overnight.

600

● Business is still very slow in the UK, says Mr Gaskell at 600 Group, the big manufacturer and importer of machine tools and materials handling equipment.

"We are just starting to see people nibbling at some of the larger machines," he says.

"They are inquiring more, but they don't really have the confidence to place big orders."

Mr Gaskell says the government "has got to say something about its long-term strategy on interest rates to help restore customers' confidence.

Employment has been reduced by another 100 over recent months, and will be down to about 1,550 by the end of the year – compared with 2,700 two years ago when Mr Gaskell joined the company.

Meanwhile, he sees signs of improvement in the US and in Australia, and believes the devaluation of sterling will help the company sell its equipment in Germany.

NEWS DIGEST

£8.5m sale for Haden MacLellan

HADEN MACLELLAN, the specialist engineering group, has sold its Spaldings Agricultural subsidiary in a management buy-out worth £8.5m.

Spaldings distributes agricultural replacement parts, tools and accessories.

The management team was backed by Causeway Capital. Haden will receive £6m comprising £1.7m for the share capital, £700,000 for land and buildings, and £3.6m as settlement for inter-company indebtedness. In addition the purchaser assumed £2.5m of net bank borrowings.

Euro Spain to restructure

The Euro Spain Fund has convened an extraordinary meeting at the company's registered offices in Guernsey on January 26 to consider a special resolution to restructure the company as an open-ended fund.

Elliott refinancing gets green light

At the extraordinary and separate class meetings of B Elliott, all resolutions relating to the restructuring and refinancing were passed.

The take-up under the open offer was 410,600 ordinary shares, equal to 10.03 per cent. The remaining offer shares have been placed with institutional and other investors.

Broadland bid wins shareholder approval

The £6.4m recommended cash bid by Broadland Properties for New Cavendish Estates, a quoted property company, has been accepted by 90.8 per cent of shareholders.

Broadland Properties, a private property investment and trading company owned by Mr John Guthrie, its chairman, made the 46p a share offer on November 13. The bid had the backing of Noro-Buckfield, a holding company based in the Netherlands Antilles which has a 54.5 per cent stake.

Malaya makes £1.4m acquisition

Malaya Group, the retail motor operator, is paying £1.44m to purchase Western Motor Works (Chislehurst), a Vauxhall dealership.

This is the first acquisition by Malaya since Mr Nick Lancaster and associates took a 54 per cent holding and management control last August. The vendor is Castle Bennett Holdings, which will receive £1.14m cash and 1.5m ordinary shares.

Western sells more than 1,500 vehicles a year. Despite the difficult trading conditions over the past three years to December 31 1991 turnover eased just 8 per cent but pre-tax profits increased from £133,000 to £194,000.

Usher-Walker acceptances

The recommended offer by Sun Chemical Corporation for Usher-Walker has been accepted in respect of 7m ordinary shares, representing nearly 80 per cent of the capital.

The offer for the preference shares has been taken up as to 99 per cent of the capital.

All the offers have been extended until January 13. Payment of the preference dividend of 1.75p due on December 31 is deferred until March 1.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 30.12.92: Pool purchase price £/MWh	Final Prices for Trading on 01.12.92: Pool purchase price £/MWh	Final Prices for Trading on 01.12.92: Pool selling price £/MWh
0030	19.10	17.87	17.87
0100	26.00	24.11	25.40
0130	28.00	24.11	25.39
0200	28.00	24.11	25.56
0230	21.72	23.95	25.17
0300	21.72	23.38	24.58
0330	21.34	23.38	24.58
0400	19.10	18.26	18.26
0430	17.48	17.87	17.87
0500	17.48	17.87	17.87
0530	17.48	18.26	18.26
0600	17.48	18.26	18.26
0630	18.73	17.99	17.99
0700	18.73	23.16	24.41
0730	26.00	23.16	24.38
0800	26.00	23.16	24.38
0830	26.00	23.37	24.65
0900	24.26	23.37	24.58
0930	24.26	23.37	24.58
1000	26.82	23.37	24.66
1030	30.82	23.37	24.68
1100	30.82	23.37	24.57
1130	19.71	23.37	24.57
1200	19.71	23.37	24.57
1230	19.71	26.40	27.71
1300	19.71	26.40	27.71
1330	19.71	23.37	24.57
1400	19.50	23.16	24.36
1430	18.78	23.16	24.38
1500	18.71	23.16	24.36
1530	18.71	23.37	24.58
1600	25.65	29.20	30.98
1630	26.00	38.59	42.85
1700	38.32	54.30	59.94
1730	38.32	53.81	59.05
1800	38.32	44.51	48.11
1830	38.32	28.81	30.26
1900	27.62	28.00	29.29
1930	26.02	27.27	28.52
2000	23.71	23.37	24.52
2030	23.71	23.16	24.31
2100	23.71	23.16	24.31
2130	22.84	22.77	23.92
2200	22.84	22.77	23.92
2230	21.57	22.48	23.61
2300	21.57	20.78	20.78
2330	17.81	18.26	18.26
2400	17.61	18.26	18.26

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 30.12.92: Pool purchase price £/MWh	Final Prices for Trading on 02.12.92: Pool purchase price £/MWh	Final Prices for Trading on 02.12.92: Pool selling price £/MWh
0030	17.73	17.99	17.99
0100	24.50	26.52	27.98
0130	28.00	35.11	38.92
0200	28.00	35.11	38.86
0230	23.00	22.46	23.72
0300	23.00	22.46	23.72
0330	23.00	22.46	23.73
0400	21.34	18.33	18.33
0430	21.34	18.08	18.08
0500	21.34	18.08	18.08
0530	17.47	17.91	17.91
0600	17.47	17.91	17.91
0630	17.47	17.89	17.89
0700	17.47	20.03	20.03
0730	17.47	23.04	24.38
0800	17.48	23.04	24.33
0830	17.85	27.96	29.40
0900	19.32	27.98	28.41
0930	19.56	23.37	24.86
1000	19.56	23.37	24.65
1030	19.58	23.37	24.65
1100	19.56	23.37	24.65
1130	19.56	23.37	24.65
1200	19.56	23.37	24.65
1230	19.56	23.37	24.65
1300	19.56	23.37	24.66
1330	19.58	23.37	24.68
1400	19.56	23.11	24.39
1430	17.84	23.37	24.57
1500	17.56	22.37	24.67
1530	17.85	23.11	24.39
1600	19.50	28.56	30.25
1630	20.73	34.02	37.21
1700	26.11	38.47	42.22
1730	28.11	38.39	42.06
1800	26.11	33.14	35.78
1830	26.04	28.87	30.19
1900	26.00	28.02	29.38
1930	21.15	27.35	28.70
2000	20.73	23.37	24.62
2030	20.02	23.04	24.29
2100	20.02	22.92	24.18
2130	19.58	22.82	24.08
2200	17.73	22.82	24.09
2230	17.50	22.52	23.78
2300	17.47	20.70	20.70
2330	17.48	18.07	18.07
2400	17.48	17.91	17.91

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

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WORLD COMMODITIES PRICES

MARKET REPORT

Activity in most LME base metals was subdued in the post-Christmas/pre-New Year holiday hiatus. Business will be slow to pick up until next week, dealers predicted. **COPPER** prices consolidated around earlier highs in the afternoon, with interest dwindling after Chinese buying in the morning. Sterling's weakness assisted the upward movement in the **LEAD** market, where prices were supported by influential commission house buying. London's robusta **COFFEE** dipped sharply in late trading and finished with losses of up to $22 on key nearby positions. Conditions were nervous with the market having entered a more volatile phase after its recent steady advance. **GOLD** eased on the London bullion market, under pressure from a strong dollar and light producer selling in a thin market. Dealers noted gold was up around R1,018 a troy ounce compared to only R1,004 last week and in Australian dollars it was holding above the key A$480 level.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$16.45-6.50u	-0.1
Brent Blend (dated)	$17.95-8.00u	-.275
Brent Blend (Feb)	$18.35-8.45	-.225
W.T.I (1 pm est)	$19.65-9.70	-.225

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$191-193	
Gas Oil	$181-182	-1
Heavy Fuel Oil	$73-75	
Naphtha	$180-181	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$332.65	-0.2
Silver (per troy oz)♣	365.50c	-5
Platinum (per troy oz)	$358.35	-2.25
Palladium (per troy oz)	$106.25	-0.75
Copper (US Producer)	104.5c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.60r	-0.07
Tin (New York)	268.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	113.97p	-2.20*
Sheep (live weight)†♠	83.64p	-1.25*
Pigs (live weight)†	84.31p	-0.35*
London daily sugar (raw)	$206.0w	+1
London daily sugar (white)	249.5w	+3.5
Tate and Lyle export price	£245.0	-3
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£155.5	
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	63.50p	
Rubber (Mar)♥	63.75p	
Rubber (KL RSS No 1 Jan)	230.5m	-2.5
Coconut oil (Philippines)§	$480y	
Palm Oil (Malaysian)§	$405z	
Copra (Philippines)§	$290.0	+7.5
Soyabeans (US)	£173.0	
Cotton "A" index	54.55c	
Wooltops (64s Super)	398p C	

C Rates shown for Dec23. £ a tonne unless otherwise stated p-pence/kg c-cents/lb r-ringgit/kg y-Feb/Mar u-Feb x-Aug w-Dec/Jan z-Jan/Mar ♥London physical §CIF Rotterdam ♣ Bullion market close m-Malaysian cents/kg ♠Sheep prices are now live weight prices * change from a week ago provisional prices for 29/12/92

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	187.00	190.40	184.60	181.00

White	Close	Previous	High/Low	
Mar	250.00	247.50	250.50	247.70
May	252.00		252.30	250.00
Aug	257.90	254.90	256.60	255.60
Oct	245.40		244.10	244.10

Turnover Raw 32(0) lots of 50 tonnes White 280 (106) Paris- White (FFr per tonne): Mar 1391.31 May 1416.27

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Feb	18.33	18.70	18.49	18.33
Mar	18.43	18.79	18.58	18.43
Apr	18.54	18.82	18.57	18.49
May	18.51		18.59	18.51
Jun	18.53	18.81	18.61	18.53
Jul	18.57		18.57	
IPE Index	19.69	18.59	18.69	

Turnover 13248 (60491)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Jan	176.00	178.50	176.75	175.75
Feb	177.25	179.75	177.75	176.75
Mar	176.50	178.50	176.50	175.75
Apr	173.00	175.25	174.25	173.00
May	171.75	174.00	173.00	171.75
Jun	170.75	173.00	172.00	170.75
Jul	173.00	175.50	173.00	172.50
Aug	175.75		175.75	175.50

Turnover 6049 (47531) lots of 100 tonnes

JUTE
C and F Dundee BTC US$360, BWC US$380, BTD US$325 BWD US$340 C and F Antwerp BTC US$340 BWC US$340, BTD US$315 BWD US$315

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Dec	689	677	689	684
Mar	698	699	700	695
May	714	714	714	711
Jul	729	727	730	725
Sep	744	743	743	739
Dec	767	767	770	764
Mar	785	784	789	783

Turnover 2593 (2239) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.24 738.55 (729.77) 10 day average for Dec 23 730.67 (729.92)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Jan	1017	1037	1060	1015
Mar	1035	1055	1075	1035
May	1018	1018	1042	1018
Jul	1011	1002	1028	1018
Sep	1023	1009	1030	1024
Nov	1032	1019	1038	1036

Turnover 3502 (644) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.23 Comp. daily 64.96 (66.60) 15 day average 64.16 (63.94)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
May	70.5	70.4	

Turnover 5 (34) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Feb	157.00	155.00	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Oct	1330	1328	
BFI	1376	1378	

Turnover 0 (10)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Jan	136.90		136.90	136.75
Mar	138.30	137.75	138.30	138.00
May	140.30	139.80	140.30	
Jun	141.25		141.25	
Sep	107.35		107.35	

Barley	Close	Previous	High/Low	
Jan	132.15	132.10	132.25	132.15

Turnover Wheat 167 (56), Barley 9 (0).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	103.0		102.0
May	103.0		102.0

Turnover 2 (0)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,335 lots
Cash	1236-7	1229.5-30.5	1233	1233-3.5		
3 months	1259-60	1254-4.5	1260/1258	1257-7.5	1260-1	179,243 lots
Copper, Grade A (£ per tonne)						Total daily turnover 23,045 lots
Cash	1500.5-2.5	1462-3	1501	1501-1.5		
3 months	1526-8	1488.5-9.0	1532/1517	1534-5	1520-2	140,644 lots
Lead (£ per tonne)						Total daily turnover 2,645 lots
Cash	305.5-6.5	290-1	300.75/300.5	300.5-0.75		
3 months	316-7	302.25-2.5	318/310.5	311.25-1.5	317.5-8	22,613 lots
Nickel ($ per tonne)						Total daily turnover 3,479 lots
Cash	5795-805	5830-5		5820-5		
3 months	5870-5	5904-5	5905/5860	5800-5	5860-70	39,297 lots
Tin ($ per tonne)						Total daily turnover 2,113 lots
Cash	5765-70	5790-800		5745-55		
3 months	5830-5	5840-50	5830/5820	5815-20	5830-40	9,100 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 20,180 lots
Cash	1057-8	1059-60	1058	1052-2.5		
3 months	1076-7	1077-7.5	1082/1076	1078-8.5	1077-9	71,208 lots

LME Closing £/$ rate:
SPOT: 1.5138 3 months: 1.5007 6 months: 1.4917 9 months: 1.4832

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	332.50-332.80	
Opening	332.95-333.35	
Morning fix	332.90	220.420
Afternoon fix	332.50	221.372
Day's high	333.20-333.50	
Day's low	332.20-332.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	1.23	6 months	1.94
2 months	1.33	12 months	2.36
3 months	1.42		

Silver fix	p/troy oz	US cts equiv
Spot	243.60	367.50
3 months	247.80	370.55
6 months	251.60	373.70
12 months	259.10	381.30

GOLD COINS

	$ price	£ equivalent
Krugerrand	332.50-334.50	220.00-222.00
Maple leaf	341.90-344.10	-
New Sovereign	80.00-82.00	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Apr	Jan	Apr
1200	54	88	4	15
1250	21	56	21	32
1300	5	32	55	57
Copper (Grade A)	**Calls**		**Puts**	
2100	171	160	3	8
2150	123	142	4	13
2200	80	106	10	25
Coffee	**Mar**	**May**	**Mar**	**May**
950	132	110	8	29
1000	94	75	16	49
1050	58	50	34	76
Cocoa	**Mar**	**May**	**Mar**	**May**
650	44	50	13	28
675	28	36	21	43
700	15	30	51	59
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1800	55		10	25
1850	17	44	26	
1900	7	24		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	332.5	332.9	332.7	332.1
Jan	332.5	333.0	0	0
Feb	332.8	333.4	333.1	332.3
Apr	333.9	334.5	334.1	333.4
Jun	335.3	335.9	335.5	335.2
Aug	336.7	337.4	0	0
Oct	338.3	339.3	0	0
Dec	340.0	340.8	340.5	339.7
Feb	342.1	342.9	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	356.0	359.1	358.2	355.0
Apr	355.1	358.6	358.5	354.0
Jul	354.1	357.6	357.0	354.0
Oct	353.7	356.6	356.0	355.0
Jan	353.1	358.6	356.0	356.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	354.5	368.8	356.0	363.0
Jan	364.6	355.9	0	0
Feb	365.8	368.1	0	0
Mar	366.7	369.0	368.0	364.5
May	369.4	371.7	371.0	368.0
Jul	372.0	374.3	374.0	370.0
Sep	374.8	377.1	376.0	376.0
Dec	379.2	381.5	381.0	377.5
Jan	380.4	382.7	0	0
Mar	384.2	386.5	383.5	383.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	101.80	100.80	101.90	101.20
Jan	101.85	101.20	101.90	101.40
Feb	102.30	101.85	0	0
Mar	102.70	102.00	103.00	102.10
Apr	133.00	102.30	103.20	102.70
May	103.25	102.55	103.50	102.70
Jun	103.45	102.80	103.65	103.40
Jul	103.65	103.00	103.80	103.20
Aug	103.85	103.20	0	0
Sep	104.05	103.40	104.10	103.56

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	19.63	19.82	19.80	19.62
Mar	19.72	19.88	19.87	19.72
Apr	19.82	19.93	19.89	19.81
May	19.84	19.95	19.90	19.85
Jun	19.87	19.95	19.92	19.86
Jul	19.90	19.95	19.95	19.88
Aug	19.90	19.95	19.92	19.90
Sep	19.90	19.96	19.94	19.90
Oct	19.94	19.96	19.94	19.94
Nov	19.85	19.98	19.94	19.85

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	56.80	57.84	57.65	56.70
Feb	57.56	58.38	58.30	57.50
Mar	57.30	57.72	57.50	57.20
Apr	56.40	56.75	56.50	56.25
May	55.20	55.57	55.30	55.10
Jun	54.60	55.04	54.80	54.55
Jul	54.85	55.08	54.95	54.85
Aug	55.45	55.48	55.45	55.45
Sep	56.30	56.58	56.50	56.30
Oct	57.55	57.43	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	938	952	950	933
May	964	981	977	961
Jul	989	1004	1000	988
Sep	1013	1027	1017	1013
Dec	1043	1060	1056	1041
Mar	1075	1097	1082	1072
May	1095	1117	0	0
Jul	1120	1142	0	0
Sep	1140	1162	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	77.60	80.25	82.25	77.20
May	81.45	84.35	86.20	81.25
Jul	82.90	85.80	87.50	82.75
Sep	84.25	87.25	88.20	84.20
Dec	86.10	88.15	90.00	86.00
Mar	87.55	89.75	0	0
May	88.85	91.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.38	8.21	8.43	8.23
May	8.50	8.36	8.53	8.38
Jul	8.52	8.44	8.59	8.46
Oct	8.56	8.49	8.60	8.49
Mar	8.67	8.62	8.70	8.67
May	8.77	8.72	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	58.60	58.88	59.28	58.65
May	59.75	59.85	60.25	59.65
Jul	60.73	60.85	61.15	60.70
Oct	59.80	59.85	60.40	59.80
Dec	58.60	58.77	59.05	58.56
Mar	59.43	59.61	0	0
May	59.95	60.00	0	0

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	Previous	High/Low	
Jan	84.85	89.00	88.25	84.00
Mar	88.45	92.60	92.50	88.10
May	91.35	94.95	94.50	90.50
Jul	92.30	95.95	95.75	92.50
Sep	92.80	97.55	97.20	94.50
Nov	92.80	97.65	97.00	95.00
Jan	92.80	97.55	97.00	96.00
Mar	95.30	97.55	0	0
May	95.30	97.05	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Dec.29	Dec.24	mnth ago	yr ago
1698.0	1686.9	1665.0	1584.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec.28	Dec.23	mnth ago	yr ago
Spot	121.67	121.45	115.05	109.67
Futures	122.19	121.75	122.48	119.76

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	567/6	572/2	571/0	566/6
Mar	572/6	577/2	576/2	571/4
May	579/0	582/4	582/4	[illegible]
Jul	585/6	588/6	588/4	584/4
Aug	587/6	591/4	590/4	[illegible]
Sep	587/2	592/4	590/0	[illegible]
Nov	591/4	595/2	594/0	591/2
Jan	599/4	603/4	601/4	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	20.34	20.84	20.83	[illegible]
Mar	20.54	21.12	21.06	20.52
May	20.80	21.30	21.22	[illegible]
Jul	20.98	21.47	21.37	[illegible]
Aug	20.99	21.47	21.43	[illegible]
Sep	21.03	21.45	0	0
Oct	21.08	21.50	21.15	[illegible]
Dec	21.20	21.55	21.41	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	186.8	187.3	[illegible]	[illegible]
Mar	185.2	185.8	[illegible]	[illegible]
May	184.9	185.9	[illegible]	[illegible]
Jul	188.7	187.4	[illegible]	[illegible]
Aug	187.4	189.1	186.0	[illegible]
Sep	183.4	189.1	[illegible]	[illegible]
Oct	189.9	190.7	190.0	[illegible]
Dec	191.8	193.0	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	217/4	219/2	218/6	[illegible]
May	224/4	226/2	225/6	224/4
Jul	230/2	232/2	231/4	[illegible]
Sep	234/4	236/2	236/0	234/4
Dec	233/6	241/2	241/0	[illegible]
Mar	246/6	248/4	248/0	[illegible]
May	251/4	254/0	252/4	251/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	349/2	353/2	352/2	348/6
May	335/2	338/0	337/4	334/0
Jul	313/2	314/2	314/0	[illegible]
Sep	318/0	321/0	319/0	[illegible]
Dec	329/4	331/0	329/4	327/6
Mar	334/0	336/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	76.275	76.375	76.425	76.125
Apr	76.150	76.150	76.250	[illegible]
Jun	72.425	72.600	72.575	[illegible]
Aug	70.625	70.775	70.750	[illegible]
Oct	70.925	71.200	71.100	[illegible]
Dec	71.625	71.800	71.650	[illegible]
Feb	76.275	76.375	76.425	76.125

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	43.550	43.825	[illegible]	[illegible]
Apr	42.375	42.450	42.550	[illegible]
Jun	46.325	46.975	[illegible]	46.750
Jul	46.575	46.500	46.550	45.450
Aug	45.200	45.250	45.450	45.150
Oct	41.400	41.400	41.650	41.250
Dec	42.700	42.700	42.700	42.500

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	37.300	37.375	37.375	[illegible]
Mar	37.475	37.600	37.600	37.275
May	38.850	38.825	38.850	38.525
Jul	39.250	39.250	39.250	[illegible]
Aug	37.700	37.525	37.900	37.550

Fresh optimism takes FT-SE to peak

By Terry Byland, UK Stock Market Editor

ANY expectations of a quiet move towards the end of the trading year in the London stock market seemed unfounded yesterday when the FT-SE Index rose to a new peak. The stock market was encouraged by fresh signs of economic optimism on both sides of the Atlantic. Although equity turnover was thin and share prices often led from the stock index futures sector, the UK market responded vigorously to reports of successful post-Christmas trading at the London stores and then to a sharp rise in the US Consumer Confidence Index.

The FT-SE Index closed at a new high of 2,847.8, a shade below the day's best but showing a gain of 20.3 on the session. The advance came in two parts. Early trading saw the Index jump 15.4 to a whisker above the previous closing high of 2,842; this gain was quickly lost but the advance was resumed when the Dow Average gained 12 points in UK trading hours, reversing its fall of 6 as it took aboard the unexpected rise in the US Consumer Index.

Account Dealing Dates		
*First Dealings:		
Dec 14	Jan 4	Jan 18
Option Declarations:		
Dec 30	Jan 14	Jan 28
Last Dealings:		
Dec 31	Jan 15	Jan 29
Account Day:		
Jan 11	Jan 25	Feb 8

*New time dealings may take place from 8.30am two business days earlier.

Once again, there was demand for the second line issues, which brought a gain of a further 12.4 points in the FT-SE Mid 250 Index for a close of 2,861.3, also at a new high, as was the FT-SE-A 350 at 1,388.9.

However, traders warned that, with institutional activity at a low ebb until January 4 when the City returns to full activity, yesterday's gains often reflected thin turnover.

Seaq volume of 287m shares, although finally a respectable total for what is effectively a holiday week in the stock market, rated well below an average session, and even more so by comparison with the volume levels of the past three months. Seaq volume for the half session on Christmas Eve was a mere 173.6m shares, worth only £422.1m in retail business, compared with daily retail totals of more than £1bn since sterling quit the ERM network.

Reports of the busy opening to the winter sales season at the big UK store groups brought widespread gains in leading names in the sector. The final upswing, however, owed more to the recovery in selected blue chip internationals, as the dollar and Wall Street gained ground.

Imigran boost for Glaxo

NEWS THAT Glaxo had received formal approval from the US authorities for the marketing there of Imigran, its anti-migraine drug, reversed an initial decline in the share price, sending it swiftly forward. The shares closed 20 up at 768p having earlier been 12 adrift on US switching into cyclical stocks.

Earlier this month, the US authorities had hinted that approval for Imigran would probably be forthcoming and many market observers had pencilled in a probable announcement for some time during the first quarter of 1993. Glaxo said yesterday that it expects to launch the drug in the US in March, still in line with most analysts' expectations.

However, Glaxo's confirmation came only just before the London market closed last night, too late to restrain buying in London in anticipation of an earlier US launch date. Mr Andrew Porter, pharmaceuticals analyst at Nikko Europe, predicts that Imigran will generate sales of $1bn a year by 1995 from the US.

Food manufacturing stocks were among the worst performers in the market on the back of a pessimistic survey on the outlook for the sector. A quarter of the food, drink and consumer manufacturers and suppliers interviewed said they did not expect any improvement in business until 1994. Fewer than half had detected any improvement in current demand. Among those to suffer falls, Booker lost 6 to 377p, Cadbury-Schweppes 5 to 483p, Northern Foods 4 to 273p, Unigate 5 to 299p and United Biscuits 5 to 383p.

A line of stock overhung Argyll most of the day, the block of 1m finally going through at 419p. The shares closed 3 lighter at 420p. A rumour that Christmas trading at Kwik Save had been disappointing left the shares 9 adrift at 806p.

Recovery talk and the much-publicised sales boom lifted stores stocks. Among those benefiting, Boots rose 9 to 550p, Dixons 9 to 268p, Kingfisher 11 to 583p and Storehouse 6 to 207p.

A flurry of slightly more optimistic reports on the housing market failed to inspire any of the related sectors. One analyst said that such forecasts had been repeatedly bullish and wrong in the past and that the market was taking its cue from the continuingly weak industry statistics, such as last week's dull new construction orders for October. Among construction stocks yesterday, Wimpey managed to shine, the shares gaining 3 to 119p.

Old takeover target Tarmac was the subject of renewed speculation, but this time seen as a possible predator with Ibstock Johnsen believed to be its likely prey. Tarmac shares retreated 5 to 101p, with Ibstock a penny better at 40p.

US investor moves out of defensive and into cyclical stocks hit SmithKline Beecham, off 17¼ at 487½p and Wellcome, down 4 to 975p. Fisons edged forward helped by press reports that it may sell its horticultural business to management. The shares gained 2 to 235p.

Among chemicals stocks, Courtaulds, BOC Group and ICI all benefitted from the switch to recovery plays. Courtaulds added 8 to 595p, BOC 5 to 768p and ICI 29 to 1051p.

Shares in BT rose on the back of its recent round of cost-cutting and its poll position as one of the key recovery hopes. The fully-paid gained 7 to 404p, the part-paid 7 to 300p.

Firmness on Wall Street and in the US dollar helped leading oil shares, the best performance coming from Shell which added 8 to 559p. BP added 4 at 245p. BP shares were again restrained by background worries in the stock market over the possibility of a rights issues in the new year. Traders commented that worries over impending fund-raising moves, both in equities and in government bonds, represented one of the chief causes for doubts over the market's dramatic advance in the approach to Christmas.

Reports of strong bookings for 1993 holidays helped the listed tour operators. Airtours, Britain's third biggest group, added 7 to 285p, while the second-placed Owners Abroad rose 2 to 87p. Euro Disney surged 22 to 785p.

Consumer recovery hopes spilled over into the automotive sector, with Kwik Fit the prime beneficiary, the shares up 9 at 126p. BBA Group, ahead 2 at 157p and T&N (Turner and Newall), 5¼ better at 173½p, also gained from the exposure.

● In derivatives, further progress by the March contract on the FT-SE Index provided the chief feature in thinly-traded futures instruments. The renewed gain in the stock index future, bringing the March contract to within 10 points of 2,900, provided a strong spur for the underlying stock market, but futures traders warned that dealing in their sector had been extremely light.

Throughout the session, March held on to the strong premiums against the cash market which has been a feature of the latest advance in the Footsie Index. However, with many of the Footsie constituents, in particular the pharmaceutical leaders, out of favour at first, the influence of the stock index future was not displayed in early trading.

But the traditional power of the stock index future strengthened significantly in the latter half of the session when Wall Street's strong opening supported sharp gains in Glaxo and ICI. At the official close, March at 2,890, showed a premium of 41 against the underlying cash market, of which only 20 points was ascribed to fair value.

In traded options, where only 9,928 contracts traded compared with 6,375 in the Christmas Eve half-session, Glaxo headed the actives list with 885 contracts, followed by Marks and Spencer at 607.

FINANCIAL TIMES EQUITY INDICES

	Dec 29	Dec 24	Dec 23	Dec 22	Dec 21	Year ago	High	Low
Ordinary share	2178.8	2165.6	2162.8	2184.5	2159.7	1836.6	2184.5	1670.0
Ord. div. yield	4.29	4.32	4.32	4.28	4.33	5.00	5.34	4.24
Earning yld % full	5.88	5.93	5.93	5.87	5.93	7.51	-	-
P/E ratio net	21.65	21.52	21.52	21.74	21.54	16.71	21.74	15.79
P/E ratio nil	20.01	19.85	19.85	20.05	19.89	15.77	-	-
Gold Mines	64.4	64.0	64.4	64.9	65.5	142.6	160.6	63.0

*for 1992 Ordinary share index since compilation: high 2184.5 22/12/92 - low 49.4 26/6/40
Gold Mines Index since compilation: high 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55

Ordinary Share hourly changes

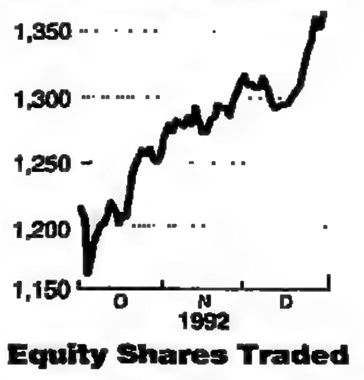
Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2168.4	2176.4	2168.0	2164.1	2164.8	2165.5	2169.3	2171.2	2176.8	2179.5	2163.9

Volume	Dec 29	Dec 24	Dec 23	Dec 22	Dec 21	Year ago
SEAQ Bargains	17,408	10,847	27,742	31,402	30,339	22,819
Equity Turnover(£m)†	-	422.1	1301.8	1463.6	1464.1	527.54
Equity Bargains†	-	13,119	32,488	34,326	34,201	22,132
Shares traded (mil)†	-	195.4	608.9	735.5	737.6	255.2

† Excluding intra-market business and overseas turnover.

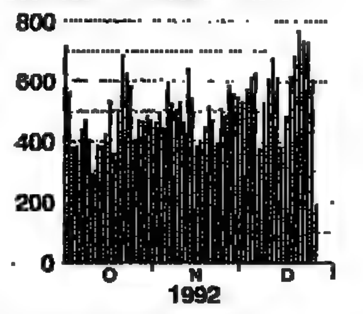
London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (127).
BRITISH FUNDS (1) Treas. 9pc '93, OTHER FIXED INTEREST (4) Birmingham 11½pc '12, Manchester 11½pc '07, Met. Water 3pc B, Utd. Mex. States 16½pc Ln. '08, AMERICANS (10) BellSouth, California Energy, Cont'l. Bank, Dun & Bradstreet, Eaton, Houston, Lockheed, Loew's, [illegible] Boots, Burton, Courts, Fine Art Devs., GUS, Do A, MFI, Next, Storehouse, Tie Rack. Upton & Southern, TELE NETWORKS (2) Nth. Telecom, Vodafone, TEXTS (9) Albion, Celestion, Claremont Grmts., Courtaulds, Dawson, Forminster, Leeds, Shaw, Torey. TRANSPORT (5) Brit. Airways 9¾pc Cv., CSX, Dasongroup, Forth Ports, Tibbett & Britten, WATER (2) East Surrey, Northumbrian, MINES (1) Normandy Poseidon.
NEW LOWS (6).
ELECTRONICS (1) MTL Instrs., MEDIA (1) Home Counties, STORES (1) Cantors, TEXTS (1) Pepe, MINES (2) Harmony, Hartebeest.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]			
Lonrho	1,200	73	-4
Lucas	245	128	
MB Caradon	486	308	+4
MEPC	291	331	+2
Manweb	111	487	-4
Marks & Spencer	2,800	332	+6
Midlands Elect.	189	486	
NFC	673	283	+1
NatWest Bank	1,800	407	-5
National Power	1,000	285	+3½
Next	1,400	149	+1
North West Water	543	478	+8
Northern Elect.	919	480	
Northern Foods	937	273	-4
Norweb	195	461	-4
Shell Transport	2,000	559	+8½
Siebe	484	440	+2
Slough Ests	208	150	
Smith (W.H.) A	44	510	+2
Smith & Nephew	1,000	164½	-2
SmKl Beecham	2,800	487½	-18½
SmKl Beecham Uts.	2,600	426	-15
Smiths Inds	498	353	+2
Southern Elect.	371	435	+1
South Wales Elect.	251	507	+3
South West Water	80	467	+3
South West Elect.	9	459	+4
Southern Water	28	471	+4
Standard Chartd.	185	577	+5
Storehouse	1,800	207	+6
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2847.8 +20.3	2861.3 +12.4	1363.97 +8.79

	Dec 29	Dec 24	Dec 23	Dec 22	Dec 21	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2847.8	2827.5	2827.4	2842.0	2807.7	2420.0	2847.8	2281.0	2847.8 29/12/92	986.9 23/7/84
FT-SE Mid 250	2861.3	2848.9	2842.6	2845.4	2817.4	2331.3	2861.3	2157.8	2861.3 29/12/92	1379.4 21/1/86
FT-SE-A 350	1388.9	1379.8	1379.1	1385.1	1369.0	1170.1	1388.9	1103.1	1388.9 29/12/92	664.5 14/1/86

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2828.3	2840.9	2828.8	2825.6	2829.1	2830.4	2834.9	2837.2	2847.8	2848.9	2825.5
FT-SE Mid 250	2852.9	2857.7	2853.4	2851.1	2851.2	2853.3	2856.4	2857.8	2861.1	2861.4	2851.1
FT-SE-A 350	1380.5	1385.9	1380.8	1379.3	1380.7	1381.4	1383.4	1384.5	1388.9	1389.3	1379.3

Gross dividend yield (ACT at 25%) FT-SE 100 4.26%

FT-Actuaries All-Share

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday December 29 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Dec 24 Index No.	Wed Dec 23 Index No.	Tue Dec 22 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (175)	873.55	+0.5	6.43	4.90	20.27	31.00	868.91	868.47	872.68	740.42
2 Building Materials (23)	887.66	-0.1	5.73	6.08	24.89	40.39	888.63	890.70	897.23	880.07
3 Contracting, Construction (26)	727.71	+0.6	3.86	6.81	69.29	37.49	723.63	722.86	721.01	862.25
4 Electricals (9)	2529.07	+1.0	6.64	5.98	19.70	109.61	2503.40	2474.67	2452.12	2267.81
5 Electronics (28)	2370.17	+0.1	6.48	3.64	19.58	52.39	2367.15	2362.31	2362.19	1709.32
6 Engineering-Aerospace (6)	296.38	+1.6	11.95	7.93	10.66	16.18	291.82	294.43	297.04	328.95
7 Engineering-General (43)	509.93	+0.9	7.91	4.62	16.11	17.35	505.55	504.92	508.44	453.69
8 Metals and Metal Forming (7)	322.07	+0.8	5.28	4.00	27.67	9.49	319.51	320.05	326.10	306.72
9 Motors (15)	371.91	+1.3	5.47	6.32	26.68	17.77	366.96	366.53	367.51	290.14
10 Other Industrials (18)	1996.10	+0.6	6.14	4.19	19.67	62.07	1984.97	1982.84	1994.48	1491.83
21 CONSUMER GROUP (191)	1764.78	+0.7	6.60	3.33	18.82	43.25	1753.07	1756.04	1771.19	1590.88
22 Brewers and Distillers (25)	2112.31	+0.5	7.87	3.59	15.38	54.23	2102.13	2105.18	2105.25	1937.69
25 Food Manufacturing (18)	1341.18	-0.1	7.82	3.89	15.97	40.47	1342.86	1342.51	1337.27	1237.52
26 Food Retailing (18)	3388.34	+0.5	7.62	3.00	17.08	70.26	3370.16	3379.81	3409.33	2411.78
27 Health and Household (26)	4201.63	+0.7	5.30	2.70	21.96	88.04	4173.30	4188.23	4282.37	4422.80
29 Hotels and Leisure (18)	1264.89	+0.7	6.60	5.45	19.89	46.03	1255.63	1258.39	1269.93	1226.54
30 Media (25)	1839.81	+0.6	5.41	2.82	23.04	39.40	1829.53	1829.67	1839.17	1392.95
31 Packaging, Paper & Printing (17)	790.69	+0.6	6.60	4.12	18.78	24.33	786.22	786.66	792.09	710.26
34 Stores (33)	1169.59	+1.7	6.23	3.11	21.25	26.56	1150.59	1151.29	1160.79	973.65
35 Textiles (11)	750.01	+0.3	6.36	4.05	19.84	23.64	747.82	747.50	748.17	588.92
40 OTHER GROUPS (116)	1444.88	+0.9	8.57	4.83	14.36	50.02	1432.65	1432.39	1435.39	[illegible]
41 Business Services (17)	1531.11	+1.3	5.79	3.32	21.15	36.28	1510.80	1515.72	1531.06	[illegible]
42 Chemicals (22)	1426.26	+1.6	6.43	5.13	19.58	54.80	1404.13	1403.73	1415.81	[illegible]
43 Conglomerates (10)	1385.58	+0.6	8.51	8.54	13.40	54.22	1377.05	1382.26	1382.29	[illegible]
44 Transport (14)	2810.81	+0.5	7.98	4.24	15.05	88.31	2797.29	2788.98	2820.55	[illegible]
45 Electricity (16)	1568.80	+0.5	13.82	4.84	9.30	56.57	1560.45	1548.62	1529.32	[illegible]
46 Telephone Networks (4)	1688.67	+1.5	7.90	4.05	16.47	65.69	1664.38	1664.42	1665.05	[illegible]
47 Water (11)	3268.88	+1.0	13.98	5.43	7.94	122.00	3235.89	3219.24	3235.42	[illegible]
48 Miscellaneous (22)	2501.52	-0.3	5.68	4.05	21.77	61.03	2510.14	2525.71	2533.67	[illegible]
49 INDUSTRIAL GROUP (482)	1441.37	+0.7	7.22	4.10	17.27	42.91	1431.28	1432.26	1440.57	[illegible]
51 Oil & Gas (18)	2237.08	+1.1	5.97	5.80	22.03	103.27	2212.49	2194.71	2179.06	[illegible]
59 500 SHARE INDEX (500)	1516.77	+0.7	7.09	4.28	17.66	47.72	1505.53	1505.23	1512.01	[illegible]
61 FINANCIAL GROUP (82)	882.30	+0.1	-	4.97	-	33.33	881.27	879.74	879.70	[illegible]
62 Banks (9)	1197.92	+0.4	5.09	4.65	29.56	41.81	1192.99	1189.25	1187.26	[illegible]
65 Insurance (Life) (6)	1810.13	-0.2	-	5.02	-	68.18	1812.98	1816.89	1801.17	[illegible]
66 Insurance (Composite) (7)	638.50	-0.7	-	4.72	-	22.58	642.89	643.99	655.66	[illegible]
67 Insurance (Brokers) (10)	776.21	-0.9	7.99	6.88	16.82	48.05	783.08	787.24	787.54	[illegible]
68 Merchant Banks (6)	499.39	+1.2	-	4.57	-	16.75	493.69	492.46	491.85	[illegible]
69 Property (30)	646.85	-0.2	8.42	6.52	15.57	33.09	648.02	644.30	640.92	[illegible]
70 Other Financial (14)	301.58	+0.2	6.64	5.56	19.82	11.63	300.98	300.23	299.11	228.7
71 Investment Trusts (69)	1339.38	+0.3	-	3.24	-	32.11	1335.74	1330.52	1328.95	1162.81
99 ALL-SHARE INDEX (651)	1363.97	+0.6	-	4.34	-	43.73	1355.18	1354.50	1359.55	1187.70

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrctn	1442.4	1444.9	1444.9	1444.9	1443.7	1443.7	1443.7	1445.9	1449.7	1450.2	1442.3	+7.9
Health&H	1250.2	1256.2	1241.6	1242.6	1243.1	1245.0	1247.9	1245.0	1269.9	1270.4	1261.1	+9.3
Water	1343.7	1348.0	1342.9	1342.9	1342.9	1343.5	1345.6	1350.0	1350.7	1352.0	1338.0	+14.0
Banks	1453.6	1455.3	1447.4	1448.1	1451.6	1451.4	1453.0	1455.6	1454.8	1455.4	1448.7	+6.7

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

[illegible]

Continued on next page

AMERICANS

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).

● "Top Stock"

Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

51 Belmont Rd Uxbridge UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	[illegible]	155.9	164.[illegible]	[illegible]	0.00
AIB Grofund Equity	5	204.5	207.3	219.3	[illegible]	1.99
AIB Grofund Euro	5	147.8	150.0	157.9	[illegible]	0.30
AIB Grofund Inc Earned	1	99.30	101.[illegible]	104.2		0.30
AIB Grofund Gilt	3	75.05	75.08	77.40	[illegible]	5.44
AIB Grofund Japan	5	129.5	127.9	134.[illegible]	[illegible]	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H

Equity & Law Hse, Corporation St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	405.3	407.4	433.5	-0.4	2.67
General Acc	5	441.3	443.6	472.0	-0.5	2.67
UK Growth Acc	6	297.3	301.9	321.2	-0.8	3.03
UK Growth Inc	6	213.1	216.3	230.2	-0.6	3.03
Higher Inc Acc	6	512.2	529.6	563.9	+1.2	4.41
Higher Inc Inc	6	316.0	321.1	341.7	+0.7	4.41
Gilts/Fxd Inc Acc	5½	167.8	167.8	177.2	+0.3	7.20
Gilts/Fxd Int Inc	5½	90.42	91.42	95.50	+0.2	7.20
Nth America	6	253.8	259.3	275.9	+1.8	0.00
Far East	6	236.1	236.1	251.2	+2.6	0.09
Europe	6	199.3	199.3	212.1	+0.6	1.59
Brit Excell	6	61.28	61.28	65.20	-0.1	3.12
Brit Friendly Acc	6	78.12	78.12	83.11	-0.2	5.65
Brit Friendly Inc	6	61.32	61.32	65.24	-0.1	5.65
Global Opps	6	63.49	64.14	68.24	+1.3	0.02

Abbey Unit Tst Mngrs (1000)H

80 Holdenhurst Rd Bournemouth 0345 717373

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

• Current Unit Trust pri[illegible] ...er details call (071) 925 2128.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128

Prolific Life & Pensions Ltd

Reliance Mutual

Scottish Mutual Assurance plc

Sun Alliance Group – Contd.

Albany International Assurance Ltd

Target International Group

Guinness Flight Fd Mngrs (Guernsey) Ltd

Merrill Lynch Guernsey

J Rothschild Assurance PLC

Scottish Provident Institution

Sun Life Unit Assurance Ltd

CMI Insurance Co Ltd

MANAGEMENT SERVICES

Royal Heritage Life Assurance Ltd

Swiss Life (UK) PLC

IRELAND (SIB RECOGNISED)

Property Life Assurance Ltd

Scottish Widows' Group

Swiss Pioneer Life Plc

Eagle Star Intl Life

Providence Capital Life Assc. Co Ltd

TSB Life Ltd

Equitable Life (International)

Shield Assurance Ltd

Eurolife Assurance Group

Target Life Assurance Co Ltd

Finsbury International Ltd

Skandia Life Assurance Co Ltd

IRELAND (REGULATED)

Hafnia Prolific International

Royal Life Insurance Ltd

Hansard International Ltd

Royal Liver Assurance

Teachers' Assurance Company Ltd

Isle of Man Assurance Ltd

Templeton Life Assurance Limited

NEL Britannia International Ltd

Save & Prosper Group

Standard Life Assurance Company

OFFSHORE AND OVERSEAS

Provident Life Assoc. Ltd

Tunbridge Wells Equitable

PanEuroLife société anonyme

Provident Mutual Life Assc. Assn.

BERMUDA (SIB RECOGNISED)

Providence Capital International Ltd

Sun Alliance Group

Scottish Amicable

Wesleyan Assurance Society

ISLE OF MAN (SIB RECOGNISED)

Windsor Life Assc Co Ltd

Prudential Assurance Co

Prudential Corporate Pension Funds

GUERNSEY (REGULATED)

Royal Life Intl. Ltd

Scottish Equitable Life Assc. Soc.

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

CANADA (SIB RECOGNISED)

Royal Skandia Life Assurance Ltd

ISLE OF MAN (REGULATED)

Prudential Individual Life Funds

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

GUERNSEY (SIB RECOGNISED)

Scottish Life Investments

Prudential Individual Pension Funds

AEtna Intl Assurance (Bermuda) Ltd

Sun Alliance International Life

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FT MANAGED FUNDS SERVICE

• Current Unit Tru... r further details call (071) 925 2128.

EBI Global Funds Limited

R & H Fund Managers Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

Barclays International Funds

Capital House Fund Mgrs (CI) Ltd

Gartmore Fund Managers International Ltd

John Govett (Channel Islands) Ltd

Hill Samuel Fund Mgrs (Jsy) Ltd

INVESCO MIM International (Jersey) Ltd

Lloyds Bank (CI) U/T Mgrs.

Midland Bank Fund Managers (Jersey) Ltd

Prudential Fund Managers (Jersey) Ltd

Royal Trust Jsy Fd Mngt Ltd

Standard Bank Fund Mngmt (Jersey) Ltd

TSB Trust Funds (CI)

JERSEY (REGULATED)

Barclays Intl Funds

Cater Allen Investment Management (CI)

Citibank (CI) Ltd "CitiFunds"

EBC Fund Managers (Jersey) Ltd

Equitilink International Mngt Ltd

Fleming Group

Foreign & Colonial Mngmt (Jersey) Ltd

Greece Fund Ltd

John Govett Management (Jersey) Ltd

INVESCO MIM International Limited

Lloyds Bank Trust Co (CI) Mngrs

Management International (Jersey) Ltd

Minerals, Oils Res. Shrs. Fd. Inc.

Nat. Westminster Jersey Fd. Mgrs. Ltd

Northgate Unit Tst. Mngs. (Jersey) Ltd

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

Schroder Mngt Services (Jersey) Ltd

Schroder Worldwide Money Fund Ltd

Schroder Worldwide Selection Fd Ltd

Scrimgeour Kemp-Gee Mngmt., Jersey

TSB Trust Funds (CI)

Tyndall International (Jersey) Ltd

Warburg Asset Management Jersey Ltd

Worldinvest (Managers) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Abtrust Fund Mngrs Luxembourg SA (u)

Aston Intl Umbrella Fund (u)

Barclays Diversified Portfolio

Barclays Inv Funds (Luxembourg) (1400)

CMI Asset Management (Luxembourg) SA

Banque Scandinave a Luxembourg SA

Commercial Union Luxembourg SA (u)

Crevaie Group (u)

DB Investment Management SA

Den norske Bank

Dito Income Fund

Dresdnerbank Asset Mngmt SA (u)

Eagle Star – Global Assets Fund (u)

EquiFund–Wright National Eqty Fd (u)

Fidelity Funds (u)

Fleming Group

Gartmore Indosuez Funds

Gartmore Luxembourg SA (u)

Henderson Management SA (u)

Hill Samuel Inv Services Intl SA (u)

INVESCO MIM International Limited (u)

Kleinwort Benson Japanese Warrant Fund

Kleinwort Benson Select Fund (u)

Latin American Mngt Group (u)

Liberty ALL-STAR World Pfolio-Eqty Fd(u)

Lloyds Bank Luxembourg

Midland International Circuit Fund SICAV(u)

Nomura Global Fund (u)

Norwich Union Intl Portfolio (u)

PRICOA Worldwide Inv Portfolio Sicav (u)

Regent Global Fund (u)

Sanpaolo Group (Luxembourg)

Schroder International Selection Fd (u)

Sun Life Global Management Ltd (u)

Templeton Global Strategy SICAV

Touche Remnant (Guernsey) Ltd (u)

Tyndall Global Fund SICAV

S.G. Warburg Asset Mgmt Lux SA (u)

Wardley Investment Services (Lux) SA (u)

LUXEMBOURG (REGULATED)

Alliance Capital

BAII Intermarket Fund

Banque Paribas Luxembourg

Barclays International Funds

Capel-Cure Myers Intl Fd Sicav (u)

Citicorp Investment Mngt (Luxembourg) SA

Credit Lyonnais Rouse (Bermuda) Ltd

Credit Suisse

Daiwa Japan Gem Fund

Daiwa Japan Small Equity Fd (u)

Dean Witter World Wide Invest. Tst SA

The Dragon Fund Sicav

Espirito Santo Investment Mngmt (SICAV) (u)

Eurex Management S.A.

Europe Plus Investissement (SICAV) (u)

Europe Value Fund (u)

EurOptec (u)

Fidelity Intl Inv Mngt (Luxembourg) SA

Fidelity Investment (CI) Ltd

The First Korea Smaller Companies Fund

Five Arrows Asia Pacific Fund

Five Arrows Intl Bond Fund (n)

Fleming Group

Garnox Funds

Gartmore Luxembourg SA (u)

H.C.M. HYPO Capital Mgt Luxembourg SA

International Bond Trust

International Specialty Fund (u)

INVESCO MIM International Limited

Lazard Intl Fds-Global P'folio FCP (u)

Lloyds Bank Luxembourg (u)

Mediterranean Fund (SICAV) (u)

Merrill Lynch Asset Management

Morgan Stanley Sicav

Nikko Bank (Luxembourg) S.A.

Nomura Asian Infrastructure Fd SICAV

Nomura Rosenberg Alpha Fund Mark II

Pacific Basin Growth Fund

Rosenberg Global Mngt Co SA (u)

Rosenberg US Japan Mngmt Co SA (u)

SCI/TECH SA

Ttr World Fund SICAV

Wardley NAPT (Luxembourg) SA (u)

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund SICAV (u)

World Fund SICAV (u)

Yamaichi Advanced Technology Fund

Yamaichi 1992 BMRI Fund SICAV (u)

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Investments AG

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Aberdeen Fund Mngrs (Guernsey) Ltd

Asia Investment

Asian Convertibles & Income Fd (Cayman)

Austro-Hungary Fund Ltd

BEA Associates

Julius Baer Bank & Trust Co Ltd

Baus Fr Serv & Cr/Europ Inv Mgt Ltd

Barclay Eurofutures Fund Ltd

Baring International Group

The Batavia Fund Ltd

Bermuda Intl Invmnt Mgmnt Ltd

Border Funds Ltd

The Brazilian Inv Fund

Bridge Management Ltd

Buchanan Fund Ltd

Butterfield Management Co Ltd

Campbell Japan Equity Fund

CA Securities Investment Fund Mgmnt Ltd

CDC International

Centrade ITEC Fund Management

Capital International

Chameleon Funds Limited

The China Fund

China Investment Company

The China Invest & Development Fd Ltd

Citizens Investment Trust Mgt Co Ltd

Connaught Investments Ltd (Hong Kong)

Credit Lyonnais Intl Asset Mngmt (HK) Ltd

Credit Lyonnais Rouse (Bermuda) Ltd

Cregem International Bank

Dental Corporation N.V.

DICAM Asian Emerging Fund

DWS Deutsche Ges. F. Wertpapiersp

Dashan Investment Trust Co Ltd

Daiwa APT Japan Fund

Daiwa Intl Capital Management (H.K.) Ltd

Daiwa Japan Equity Warrant Fund

EGS Overseas Fund Ltd

E.T. Investment Management Ltd

Emerging Markets Management

English & Dutch Investment Trust

Ermitage Group

Eurobond Fund

Europe 1992

S.G. Europe Obligations SA

FFM / Swiss Financial Services

Falcon Fund International Inc

Fidelity Investments

First Mexico Income Fund

Five Arrows Chile Fund Ltd

Formosa Fund

Frankfurt Trust Investment-GmbH

Free World Fund

The French Prestige Fund

GT Chile Growth Fund Ltd

GT European Warrant Fd Mngs (Lux) SA

GT Management Plc

Gaia Currency Funds

Garantie Sector Analysis Portfolio NV

Genesis Fund Managers Ltd

Global Asset Management

Global Asset Management – Contd.

Global Government Plus Fund

Granville Management Limited

Green Way Guaranteed Ltd

Group One Limited

Group One International Tst

Hammond Partners Ltd

Hansemann Hldgs NV Curacao

Hill Samuel Investment Services Intl (z)

The India Magnum Fund NV

Indosuez Asia Invest Services Ltd

The Jaguar Fund N.V.

The Japan Capital Secured Trust

Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd

Johnson Fry Securities Ltd

Korea Investment Trust Co Ltd

Leonberk

Lehman Brothers Sports Growth Fund

Lippo Asia Ltd

Lloyd George Management

London Portfolio Services Group

MFS Meridian Funds

Malaysia Capital Fund Ltd

The Malaysia Fund (Labuan)

Malaysia Growth Fund

Malaysia Select Fund Ltd

Malaysian Smaller Co's Fd (Cayman) Ltd

Managed Futures Institutional Fund Ltd

Marathon International Futures

Maverick International Fund

Merrill Lynch Asset Management

Momentum Asset Mngmt

Morgan Grenfell Emerging Market Fund

Morgan Stanley Japanese Warrant Fund NV

National Investment Trust Company Ltd

Newport International Management

Newport Investment Management Ltd

Nomura Warrant Fund 1990 Ltd

North Star Fund Managers (Cayman) Ltd

Northfield International Ltd

Odey Asset Management Limited

Old Ironsides International Ltd

Omega Overseas Partners Ltd

Optima Fund Management

Orbitex Bahamas Ltd

ORIENT Growth Fd

PFC Interstl Portfolio Fd Mgt Ltd

PRE International

Pacific Growth Fund

Pakistan Fund

Paquet International Fund Inc

Pinnacle Holding & Finance

Portland Fund Mgmt Ltd

Prudential-Bache Mutual Funds

Putnam International Advisers Ltd

Quantum Group

Real Estate Strategies Ltd

Regent Fund Management Ltd

Rothschild & Co

Rothschild Asset Management (CI)

Royal Trust North American Bond Fd

Sabre Futures Fund

Saffra Republic Holdings

Schroder International Management Ltd

Schroder Japan Warrant Fund

Schroders Asia Limited

Schroder Switzerland Fund

Scudder, Stevens & Clark Inc

Sequoia Securities (Bermuda) Ltd

Shinyei Investment Management (Bermuda) Ltd

Siam Smaller Companies Fund Ltd

Sinfonia Grenadier Funds

Sodite Asset Management Ltd

State Street Bank

Taiwan Fund Managers Limited

Taipei Fund

Taiwan Tracker Fund Limited

Target Salbern & Hamburger Ltd

The Thai Development Capital Fd

The Thai-Euro Fund Ltd

The Thai Prime Fund Limited

The Thailand Fund

The Thailand Growth Fund

The Thailand Intl Fund Ltd

Thames Currency Fund Ltd

Thornton Investment Management Ltd

Trans Global Investments Ltd

Tudor BVI Futures Ltd

Tudor G-5 Ltd

Tudor G-5 Unit Trust (Japan)

Tyndall International (Bermuda) Ltd

The Vietnam Fund Limited

Wardley Investment Services Ltd

Wellington Fd Mngrs (Bermuda) Ltd

Wells Fargo U.S. TT Fund

Winchester International Fd Ltd

Yamaichi Capital Mngmt (Guernsey) Ltd

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Strong dollar rally continues

THE US DOLLAR yesterday *rose to its highest level against* the D-Mark since the autumn currency crisis, following a remarkable surge in consumer confidence data in the US, *writes James Blitz*.

The dollar's mini-rally continued to dominate the light trading of the holiday period. But dealers think that there may be currency tension in the European Exchange Rate Mechanism in the New Year, and a weak performance by the Irish punt yesterday added to concerns.

On Monday, the dollar rose more than 2 pfennigs against the D-Mark, closing in New York at DM1.6205. Analysts explained the surge in the dollar/D-Mark rate by the increasing tension in the Middle East and speculation that German interest rates will be cut in the near term.

The surge continued to a high of DM1.6235 yesterday after the US consumer confidence index rose to 78.3 per cent after a revised 65.6 per cent in November. Forecasts for the December figure had been for a more modest 70.1 per cent.

US housing data were also strong, with existing home sales jumping 5.0 per cent in November to an unadjusted annual rate of 3.85 million, the highest sales level since November 1986.

The dollar lost ground in late European trading as the DM1.6240 level proved increasingly difficult to overcome. It later closed in London at DM1.6140, more than a pfennig up on the day.

The US currency remained particularly strong against sterling. The pound fell below the $1.50 level for the first time this year to a low of $1.4988. Sterling last saw this level in January 1987.

The pound later closed at $1.5135, down nearly two cents on the day. Sterling was significantly weaker on the Bank of England's trade weighted index, which measures the pound against a basket of other currencies. The pound closed at 79.0 on the index, having finished on Monday at 79.5.

In thin markets, small orders can make a big difference to exchange rates, and dealers reported that dollar trading remained light.

However, some analysts believe the dollar is set for a significant rally in the New Year. According to I.D.E.A., the financial market analysts, strong consumer confidence figures should be the main factor behind a strong rise in the November leading indicator today.

The French franc ended at a three-week high, as dollar strength lured funds out of the D-Mark. The franc closed at FFr3.404, up more than a centime on the day. However, the Irish punt alternated with the French franc throughout the day at the bottom of the ERM grid.

Dealers are waiting to see whether the Dublin government will go ahead with its plan to lift exchange controls by the end of the year.

£ IN NEW YORK

Dec.29	Latest	Previous Close
£ Spot	1.5080-1.5095	1.4975 1.4985
1 month	0.43-0.41pm	0.49 0.47pm
3 months	1.34-1.31pm	1.44 1.41pm
12 months	3.80-3.70pm	3.95 3.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.29	Previous
8.30 am	79.0	79.5
9.00 am	79.1	79.5
10.00 am	79.3	79.5
11.00 am	79.3	79.5
Noon	79.3	79.5
1.00 pm	79.2	-
2.00 pm	79.0	-
3.00 pm	79.0	-
4.00 pm	79.0	-

CURRENCY RATES

Dec 29	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	N/A	0.802090
U S Dollar	3.00	1.37758	1.20714
Canadian $	7.43	N/A	1.52704
Austrian Sch	8.25	N/A	13.7615
Belgian Franc	7.75	45.3224	40.1859
Danish Krone	9.50	8.49829	7.53741
D-Mark	8.25	2.20551	1.95594
Dutch Guilder	7.75	2.47695	2.19845
French Franc	10	7.51263	6.65740
Italian Lira	12.00	1978.38	1783.81
Japanese Yen	3.25	170.627	150.314
Norway Krone	-	9.38821	8.37155
Spanish Peseta	-	156.303	138.831
Swedish Krona	11.50	9.77806	8.57194
Swiss Franc	6.00	1.99542	1.77390
Greek Drach	19	N/A	259.077
Irish Punt	-	N/A	0.741262

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Dec.28

CURRENCY MOVEMENTS

Dec 29	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	79.0	N/A
U S Dollar	66.3	N/A
Canadian Dollar	95.6	N/A
Austrian Schilling	114.6	N/A
Belgian Franc	116.2	N/A
Danish Krone	117.1	N/A
D-Mark	125.0	N/A
Swiss Franc	111.6	N/A
Dutch Guilder	119.5	N/A
French Franc	109.1	N/A
Lira	83.7	N/A
Yen	151.8	N/A
Peseta	99.9	N/A

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100) **Rates are for Dec 28

OTHER CURRENCIES

Dec 29	£	$
Argentina	1.4920 - 1.4945	0.9940 - 0.9950
Australia	2.1775 - 2.1795	1.4505 - 1.4515
Brazil	18163.0 - 18187.7	12101.0 - 12109.0
Finland	7.8805 - 7.9635	5.2700 - 5.2900
Greece	320.050 - 326.450	212.050 - 216.270
Hong Kong	11.6145 - 11.6340	7.7400 - 7.7420
Iran	2267.00*	1455.00*
Korea(Sth)	1174.30 - 1193.25	786.60 - 792.80
Kuwait	0.45400 - 0.45500	0.30270 - 0.30320
Luxembourg	50.25 - 50.35	33.20 - 33.30
Malaysia	3.9175 - 3.9290	2.6110 - 2.6130
Mexico	4686.20 - 4689.20	3121.00 - 3123.00
N Zealand	2.9190 - 2.9250	1.9435 - 1.9475
Saudi Ar	5.5870 - 5.7010	3.7495 - 3.7505
Singapore	2.4625 - 2.4725	1.6410 - 1.6430
S Af (Cm)	4.5975 - 4.6100	3.0500 - 3.0550
S Af (Fn)	7.2915 - 7.4725	4.8545 - 4.9750
Taiwan	38.15 - 38.30	25.40 - 25.50
U.A.E.	5.4705 - 5.5835	3.6715 - 3.6735

*Floating rate. Iran Official rate £101.85 $66.20

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 29	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	143.386	138.742	-3.24	4.18	53
Portuguese Escudo	182.194	176.666	-3.03	3.96	47
Belgian Franc	40.6304	40.1859	-1.09	1.92	40
Dutch Guilder	2.21958	2.19845	-0.95	1.78	34
D-Mark	1.96992	1.95594	-0.71	1.53	29
Danish Krone	7.51410	7.53741	0.31	0.49	-26
French Franc	6.60683	6.65740	0.77	0.04	-57
Irish Punt	0.735334	0.741262	0.81	0.00	-48

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4980 - 1.5140	1.5130 - 1.5140	0.43-0.41cpm	3.33	1.35-1.32pm	3.53
Canada	1.8915 - 1.9160	1.9080 - 1.9090	0.05pm-0.01cdis	0.13	0.13-0.01pm	0.15
Netherlands	2.7305 - 2.7500	2.7400 - 2.7500	¼-½cdis	-1.64	⅝-⅞dis	-1.09
Belgium	49.50 - 50.35	50.25 - 50.35	5-9cdis	-1.67	12-17dis	-1.15
Denmark	9.3650 - 9.4500	9.4400 - 9.4500	5½-11¼oredis	-10.56	18½-24¼dis	-9.16
Ireland	0.9100 - 0.9250	0.9225 - 0.9235	1.53-0.85cpm	15.47	3.15-2.50pm	12.24
Germany	2.4295 - 2.4455	2.4400 - 2.4450	¼-½pfdis	-1.54	½-1dis	-1.43
Portugal	217.25 - 219.90	218.20 - 219.20	155-168cdis	-9.41	436-499dis	-8.55
Spain	169.05 - 173.75	171.70 - 172.00	125-133cdis	-9.01	328-346dis	-7.84
Italy	2134.90 - 2228.50	2223.50 - 2224.50	10-13liredis	-6.21	29-35dis	-5.76
Norway	10.2270 - 10.4675	10.4575 - 10.4675	5¾-7¼oredis	-7.31	11¾-14¼dis	-4.97
France	8.1455 - 8.3220	8.3100 - 8.3200	2¾-3¼cdis	-4.51	8¾-9¼dis	-4.30
Sweden	10.6090 - 10.7470	10.7075 - 10.7175	2⅞-3⅜oredis	-3.71	6⅞-8¼dis	-2.82
Japan	186.90 - 189.25	188.25 - 189.25	⅝-⅝ypm	4.37	1¾-1⅝pm	3.58
Austria	16.99 - 17.19	17.11 - 17.14	2¼-3grodis	-1.84	5¾-7½dis	-1.49
Switzerland	2.1950 - 2.2200	2.2100 - 2.2200	¼-parcpm	0.34	⅝-⅞dis	-1.24
Ecu	1.2460 - 1.2525	1.2510 - 1.2520	0.31-0.37cdis	-3.26	0.95-1.10dis	-3.28

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.35-2.30pm. 12 Month 3.80-3.70pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4980 - 1.5140	1.5130 - 1.5140	0.43-0.41cpm	3.33	1.35-1.32pm	3.53
Ireland†	1.6240 - 1.6360	1.6335 - 1.6345	2.80-1.80cpm	16.89	6.25-5.25pm	14.08
Canada	1.2630 - 1.2675	1.2665 - 1.2675	0.30-0.40cdis	-3.31	0.95-1.15dis	-3.31
Netherlands	1.8130 - 1.8240	1.8130 - 1.8140	0.73-0.76cdis	-4.93	2.14-2.19dis	-4.78
Belgium	33.15 - 33.35	33.20 - 33.30	13.00-15.00cdis	-5.05	38.00-43.00dis	-4.87
Denmark	6.2350 - 6.2510	6.2375 - 6.2425	5.00-10.00oredis	-14.42	17.00-23.00dis	-12.82
Germany	1.6120 - 1.6235	1.6135 - 1.6145	0.75-0.76pfdis	-5.61	2.12-2.14dis	-5.28
Portugal	145.75 - 146.25	145.75 - 145.85	143-153cdis	-12.18	430-460dis	-12.21
Spain	114.60 - 115.05	114.60 - 114.70	118-123cdis	-12.61	327-336dis	-11.57
Italy	1448.00 - 1477.75	1469.25 - 1469.75	12.70-14.20liredis	-10.98	35.50-38.50dis	-10.07
Norway	6.3200 - 6.9325	6.9100 - 6.9150	6.00-7.50oredis	-11.72	14.25-16.25dis	-8.82
France	5.4900 - 5.5240	5.4900 - 5.4950	3.30-3.90cdis	-7.87	10.25-11.85dis	-8.05
Sweden	7.0680 - 7.1390	7.0750 - 7.0800	4.20-5.20oredis	-7.97	11.00-12.50dis	-6.64
Japan	124.45 - 124.80	124.65 - 124.75	0.01-0.02ydis	-0.14	0.03-0.04dis	-0.11
Austria	11.3675 - 11.4170	11.4120 - 11.4170	4.92-5.32grodis	-5.38	13.75-14.85dis	-5.01
Switzerland	1.4615 - 1.4715	1.4630 - 1.4640	0.33-0.36cdis	-2.83	0.95-1.00dis	-2.66
Ecu	1.2040 - 1.2075	1.2065 - 1.2075	0.67-0.65cpm	6.56	2.05-2.01pm	6.73

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 29	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6½ - 6¼	6⅞ - 6⅝	7⅛ - 7⅛	7¼ - 7⅛	7⅛ - 6⅞	6⅞ - 6¾
US Dollar	3¼ - 3⅛	4⅛ - 4⅛	3½ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	4⅛ - 4
Can Dollar	6⅛ - 6	6⅞ - 6⅝	6⅞ - 6⅝	7 - 6⅞	7 - 6⅞	7 - 6⅞
Dutch Guilder	8⅝ - 8½	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	8⅜ - 8⅜	7⅞ - 7⅞
Swiss Franc	6⅜ - 6⅛	6⅝ - 6½	6⅜ - 6⅜	6⅛ - 6	5⅝ - 5⅜	5½ - 5⅜
D-Mark	9⅛ - 9	8⅞ - 8¾	8⅞ - 8⅞	8⅞ - 8⅞	8⅞ - 8⅞	7⅞ - 7⅞
French Franc	11 - 10½	11 - 10½	11½ - 11	11½ - 11	10⅝ - 10⅜	9⅝ - 9⅜
Italian Lira	13½ - 11½	13 - 12	13⅛ - 12⅝	13⅛ - 12⅞	13⅛ - 12⅞	13½ - 13
Belgian Franc	8⅞ - 8⅞	8⅞ - 8⅞	9⅛ - 9	9 - 8⅞	8½ - 8⅜	7⅞ - 7⅞
Yen	3⅞ - 3⅜	4 - 3⅞	3⅞ - 3⅜	3⅞ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜
Danish Krone	18 - 13	25 - 15	25 - 18	18 - 13	14 - 11	12 - 10
Asian $Sing.	1⅛ - 1	1½ - 1⅜	2⅛ - 1⅞	2⅛ - 2⅛	2⅜ - 2⅛	2⅞ - 2⅞
Spanish Peseta	15 - 14½	15 - 14⅝	15⅛ - 15	15 - 14⅝	14⅝ - 14½	14⅝ - 14½
Portuguese Esc	14½ - 13½	17 - 16	16½ - 15½	16⅛ - 15⅛	16½ - 15½	15½ - 14½

Long term Eurodollars: two years 5-4⅞ per cent; three years 5⅝-5½ per cent; four years 6⅛-5⅞ per cent; five years 6½-6⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.29	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr	Pta.	Ecu
£	1	1.514	2.443	188.8	8.315	2.215	2.745	2224	1.909	50.30	171.9	1.252
$	0.661	1	1.614	124.7	5.492	1.463	1.813	1469	1.261	33.22	113.5	0.827
DM	0.409	0.620	1	77.28	3.404	0.907	1.124	910.4	0.781	20.59	70.36	0.512
YEN	5.297	8.019	12.94	1000	44.04	11.73	14.54	11780	10.11	266.4	910.5	6.631
F Fr.	1.203	1.821	2.938	227.1	10	2.664	3.301	2675	2.296	60.49	206.7	1.506
S Fr.	0.451	0.684	1.103	85.24	3.754	1	1.239	1004	0.862	22.71	77.61	0.565
N Fl.	0.364	0.552	0.890	68.78	3.029	0.807	1	810.2	0.695	18.32	62.62	0.456
Lira	0.450	0.681	1.098	84.89	3.739	0.996	1.234	1000	0.858	22.62	77.29	0.563
C$	0.524	0.793	1.280	98.90	4.356	1.160	1.438	1165	1	26.35	90.05	0.656
B Fr.	1.988	3.010	4.857	375.3	16.53	4.404	5.457	4421	3.795	100.	341.7	2.489
Pta	0.582	0.881	1.421	109.8	4.837	1.289	1.597	1294	1.111	29.26	100.	0.728
Ecu	0.799	1.209	1.951	150.8	6.641	1.769	2.192	1776	1.525	40.18	137.3	1.

Yen per 1,000; French Fr per 10; Lira per 1,000; Belgian Fr per 100; Peseta per 100

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS [illegible]

LIFFE BUND FUTURES OPTIONS [illegible]

LIFFE EUROMARK OPTIONS [illegible]

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS [illegible]

LIFFE SHORT STERLING OPTIONS [illegible]

LIFFE EURO SWISS FRANC OPTIONS [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% [illegible]

JAPANESE YEN (IMM) [illegible]

DEUTSCHE MARK (IMM) [illegible]

U.S. TREASURY BILLS (IMM) [illegible]

BRITISH POUND (IMM) [illegible]

SWISS FRANC (IMM) [illegible]

STANDARD & POORS 500 INDEX [illegible]

THREE-MONTH EURODOLLAR (IMM) [illegible]

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT [illegible]

US TREASURY BONDS 8% [illegible]

6% NOTIONAL GERMAN GOVT. BOND [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND [illegible]

12% NOTIONAL ITALIAN GOVT. BOND (BTP) [illegible]

THREE MONTH STERLING [illegible]

THREE MONTH EURODOLLAR [illegible]

THREE MONTH EUROMARK [illegible]

THREE MONTH ECU [illegible]

THREE MONTH EURO SWISS FRANC [illegible]

THREE MONTH EUROLIRA INT. RATE [illegible]

FT-SE 100 INDEX [illegible]

Mar	2890.0	2892.0	2862.0	2866.0
Jun	2913.0			2888.0
Sep				

Estimated volume 2743 (1156)
Previous day's open int. 42338 (42049)

* Contracts traded on APT. Closing prices shown.

PHILADELPHIA SE £/$ OPTIONS [illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) [illegible]

CAC-40 FUTURES (MATIF) [illegible]

ECU BOND (MATIF) [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls January	Calls March	Calls June	Puts January	Puts March	Puts June
111	-	1.84	-	-	0.47	-
112	-	1.17	-	0.03	0.76	-
113	-	0.69	1.49	-	-	-
114	-	0.32	-	-	-	-
115	-	0.17	-	-	-	-
Open Int.	17,416	181,587	30,763	11,667	149,173	19,086

Estimated volume 17,416 † Total Open Interest 409,694
† All Yield & Open interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5135	1.5093	1.5002	1.4903	1.4760

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk.	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk.	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Sharp futures rises

THERE were sharp rises in currency futures across Europe yesterday, as dealers continued to take the view that interest rates in Germany could come down earlier than expected, *writes James Blitz*.

In sterling markets, dealers ignored the signs of economic recovery in the high street, and continued to believe that the government would introduce another cut in base rates before March.

UK clearing bank base lending rate 7 per cent from November 13, 1992

Trading in all markets continued to be thin because of the holiday season, but there was an upbeat tone everywhere.

On the German cash market, call money was little changed at 8.80-8.85 per cent, despite the Bundesbank's unexpected decision to drain DM8.8bn from the money market in its weekly securities repurchase operation. The draining ran counter to forecasts of an allocation to match the DM57.1bn in expiring funds, *but dealers said that the lower* injection had not upset the market.

Short-dated Euromark futures continued the upward progress that characterised the run-up to Christmas. The March contract rose 5 basis points to a close of 92.24, while the June contract was up 7 basis points to a close of 93.01.

At these levels, the market assumes that 3-month D-Marks will be some 180 points cheaper over the next 6 months. However, some dealers continue to take an extremely pessimistic view of the possibility of German policy being eased, at least before March of next year.

French futures reflected the calmer atmosphere. The March contract closed up 11 basis points at 91.89 and the June contract up 10 basis points at 91.95.

In the sterling market, dealers might have been expected to take a more bearish view, following reports that there has been a surge of high street shopping in the run-up to Christmas.

However, the futures market continued to think there would be another 50 basis point cut in base rates before the spring. The March short sterling contract rose 10 basis points to close at 93.42, a level which assumes that 3 month money will be at 6.58 per cent within 3 months.

Dealing in the cash market was not as bullish. Three month money closed slightly softer yesterday at 7⅛ per cent from around 7¼ per cent. The 1 year rate was also ⅛ per cent softer at around 6⅞ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.29) 3 months US dollars		6 months US Dollars	
bid 3⅛	offer 3¼	bid 3⅜	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	3.12	Three year	5.10
Broker loan rate	5	Two month	3.21	Five year	6.04
Fed.funds	3⅛	Three month	3.28	Seven year	6.39
Fed funds at intervention	-	Six month	3.47	10-year	6.69
		One year	3.62	30-year	7.37
		Two year	4.62		

Dec. 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-8.85	8.85-9.00	8.85-9.00	8.75-8.95	8.30-8.50	9.50
Paris	10⅛-10½	10⅝-11½	-	10⅝-11½	-	9.10
Zurich	6⅛-6⅜	6⅛-6½	-	6⅛-6⅜	-	-
Amsterdam	8.62-8.75	8.60-8.70	-	8.25-8.40	-	-
Tokyo	3⅞-3⅜	4-4⅛	-	-	-	-
Milan	12-12⅛	13½-13⅜	-	12⅞-13⅛	-	-
Brussels	8.81-8.94	8⅞-8⅜	-	8⅞-8⅜	-	-
Dublin	16-18	20-21	17½-18½	16½-17½	14-15	-

LONDON MONEY RATES

Dec 29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7	7⅛	7⅛	7⅛	7⅛	6⅞
Interbank Bid	5	6¾	6⅞	7	6⅞	6¾
Sterling CDs	-	-	6⅞	7	6⅞	6¾
Local Authority Deps	6½	6⅞	7	7⅛	7⅛	6⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6¼	6¾	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	7⅛	7⅛	6⅞	6⅞
Treasury Bills (Buy)	-	-	6⅞	6⅞	6⅞	-
Bank Bills (Buy)	-	-	6⅞	6⅞	6½	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.12	3.23	3.43	3.89
SDR Linked Dep. Offer	-	-	5⅜	5⅜	5⅛	5½
SDR Linked Dep. Bid	-	-	5⅜	5⅛	5⅛	5
ECU Linked Dep. Offer	-	-	10⅛	10⅛	10⅛	9¼
ECU Linked Dep. Bid	-	-	10⅛	10⅛	9⅞	9

Treasury Bills (sell): one-month 6⅞ per cent; three months 6½ per cent; six months 6⅜ per cent; Bank Bills (sell): one-month 6⅞ per cent; three months 6⅞ per cent; Treasury Bills: Average tender rate of discount 6.3955. ECGD Fixed Rate Sterling Export Finance. Make up day November 30, 1992. Agreed rates for period December 26, 1992 to January 25, 1993, Scheme I: 8.71 p.c. Schemes II & III: 8.54 p.c. Reference rate for period October 31, 1992 to November 30, 1992. Scheme IV&V 7.267 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 8 from December 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 3½ per cent; one-three months 6 per cent; three-six months 5½ per cent; six-nine months 5 per cent; nine-twelve months 5 per cent; Under £100,000 3½ per cent from Nov.16, 1992. Deposits withdrawn for cash 1½ per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

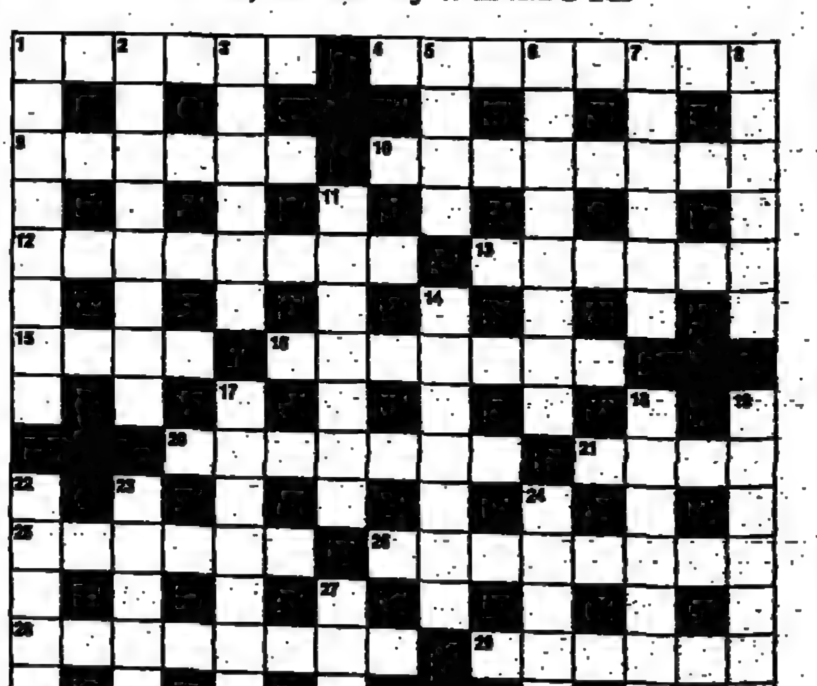
[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.8,038 Set by DINMUTZ



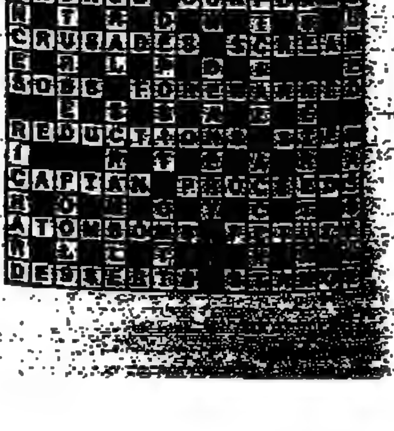
ACROSS

1 Ring-road in operation? (2-4)
4 Gathering head of Girton has taste (8)
9 As shaky as the crowned head? (6)
10 Time for breakfast (8)
12 Paul, for example, makes record pile collapse (8)
13 Trendy, the French chewing-gum ingredient .... (6)
15 .... rich and extra-refreshing inside (4)
16 Passionate little woman accepts a rise (7)
20 Cost of carrying craft into 21? (7)
21 Some bars from a US composer (4)
25 Hark! – it is a silent revolution (6)
26 Ground-rent deposit doubled? Polynesians might wear it! (4-4)
28 Autumn table? (4-4)
29 Travel-book principal? (6)
30 One's appearance in outside shot (8)
31 Loud Thespian needs an agent (6)

DOWN

1 Four commonly tied over a line (8)
2 Overture certain to bring happiness (8)
3 Bird finds equipment for going downhill in wrongdoing (6)
5 Rifle gadget recoils (4)
6 Here in Scotland, iodine is put into a sherry trifle (8)
7 Charge for fashionable, shorter dictionary (6)
8 Greek bees swarming like aquatic birds (6)
11 Mood around Lima, etc? (7)
14 A stingy sort can be hellish! (7)
17 Two girls right over one's knee? (8)
18 Poison constituent holds water (8)
19 Shopkeeper sought by farmhouse victims? (8)
22 Sort of hammer taken from second shelf (6)
23 Type found in Trossachs, climbing? (6)
24 Shuttered room (6)
27 Pop round to see the wall decoration (4)

Solution to Puzzle No.8,037



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Dec 28	Dec 24	Dec 23	Dec 22	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3333 26	3326 24	3313 54	3321 10	3413 21 (1/6)	3136 58 (9/10)	3413 21 (1/6/92)	41.22 (2/7/32)
Home Bonds	103 27	103 10	103 30	103 18	103 30 (23/12)	96 41 (20/3)	103 30 (23/12/92)	54 99 (1/10/81)
Transport	1444 37	1439 94	1443 57	1449 21	1467 68 (20/2)	1204 40 (26/8)	1532 01 (5/9/89)	12 32 (8/7/32)
Utilities	222.77	223 84	223 77	223 59	225 59 (3/1)	200 74 (8/4)	236 23 (2/1/90)	10.50 (8/4/32)

DJ Indl Day's High 3352 17 (3339 48) Low 3297 33 (3303 27) (Theoretical♠)
Day's High 3333 26 (3327 86) Low 3309 22 (3312 73) (Actual♠)

STANDARD AND POOR'S	Dec 28	Dec 24	Dec 23	Dec 22	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	439 15	439 77	439 03	440 31	441 28 (18/12)	394 50 (8/4)	441 28 (18/12/92)	4.40 (1/6/32)
Industrials	512 34	512 75	511 13	513 05	515 75 (18/12)	470 91 (8/4)	515 75 (18/12/92)	3.62 (21/6/32)
Financial	40 79	40 70	40 67	40 85	40 85 (22/12)	32 40 (8/4)	40 85 (22/12/92)	8 64 (1/10/74)
NYSE Composite	241 01	241 23	241 00	241 68	242 08 (18/12)	217 92 (8/4)	242 08 (18/12/92)	4.46 (25/4/42)
Amex Mkt Value	394.18	394 17	392.79	391 66	418 99 (12/2)	364 85 (9/10)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	666 24	665 88	662 96	660 84	667 12 (8/12)	547 84 (26/6)	667 12 (8/12/92)	54.87 (31/10/72)

	Dec 24	Dec 18	Dec 11	year ago (approx.)
Dow Industrial Div Yield	3 11	3 12	3 13	2 99

	Dec 16	Dec 9	Dec 2	year ago (approx.)
S & P Industrial div. yield	2.58	2.58	2 61	2.78
S & P Indl P/E ratio	26 78	27 10	26 71	23 24

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Glaxo	2,979,100	22¼	-½
IBM	2 768,100	51⅛	-1
Tucson Elec	2,436,300	2½	+⅛
RJR Nabisco	2,047,200	8½	
Am T & T	2,034,300	51⅞	-⅜
Abbott Labs	1,509,500	31⅛	+⅛
Merck	1,316,500	44¼	
Gen Motors	1,223,500	33⅛	+⅛
Syntex	1,210,600	22½	-⅛
Philip Morris	1,153,700	78⅛	+⅝

TRADING ACTIVITY

† Volume Millions	Dec 28	Dec 24	Dec 23
New York SE	143.800	95 170	227 980
Amex	11.739	10 042	18.919
NASDAQ	144 065	106.263	252.890
NYSE			
Issues Traded	2 396	2 296	2 429
Rises	817	948	934
Falls	992	692	883
Unchanged	587	656	612
New Highs	71	64	130
New Lows	19	22	28

CANADA

TORONTO	Dec 24	Dec 23	Dec 22	Dec 21	1992 HIGH	1992 LOW
Metals & Minerals	2741 40	2753 09	2751.10	2743 63	3238.87 (16/1)	2529.91 (27/11)
Composite	3319.13	3323.15	3313.50	3310.40	3666 00 (16/1)	3195 40 (14/10)
MONTREAL Portfolio	1761.22	1763.25	1760.98	1755.18	1937.59 (16/1)	1663 16 (14/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10, and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's)

	Dec 29	Dec 28	Dec 24	Dec 23	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1539.0	(c)	1536.2	1524 8	1684.50 (22/5)	1357 20 (16/11)
All Mining (1/1/80)	600.5	(c)	603 9	602.4	726.80 (3/7)	545 40 (16/11)
AUSTRIA						
Credit Aktien (30/12/84)	312.10	312.44	(c)	311.78	458 57 (24/2)	291 41 (13/8)
Traded Index (2/1/91)	749 43	752.86	(c)	752.31	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1128.18	1132.99	1137.59	1135 65	1235.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	265.21	264.23	(c)	263.41	365.29 (15/1)	250.42 (28/10)
FINLAND						
HEX General (28/12/90)	824 8	828.5	(c)	835 20	935.90 (24/2)	541.00 (7/9)
FRANCE						
CAC General (31/12/81)	481 07	480 09	477 91	473.53	555.93 (12/5)	441.70 (7/10)
CAC 40 (31/12/87)	1870 28	1857.53	1854 59	1821 11	2077.49 (11/5)	1611.04 (5/10)
GERMANY						
FAZ Aktien (31/12/58)	604 15	604.22	(c)	598.32	725 26 (26/5)	565.61 (12/10)
Commerzbank (1/12/53)	1709.7	1710.1	(c)	1692.0	2043 80 (25/5)	1594 60 (12/10)
DAX (30/12/87)	1542 23	1544.61	(c)	1526.95	1811.57 (25/5)	1420.30 (6/10)
HONG KONG						
Hang Seng Bank (31/7/64)	5444.13	5531.65	5442.01	5317 99	6447.11 (12/11)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	(c)	(c)	1225.20	1222.32	1469.57 (17/1)	1094.88 (19/10)
ITALY						
Banca Com. Ital. (1972)	449 03	438.48	(c)	437 87	551.59 (6/2)	354.93 (16/9)
MIB General (2/1/92)	890.0	868.0	(c)	868.0	1086.00 (5/2)	696 00 (16/9)
JAPAN						
Nikkei (16/5/49)	17285.64	17188.62	17648 85	(c)	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1326.38	1321.84	1350.16	(c)	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1727.42	1727 78	1731.82	(c)	2459 85 (6/1)	1502.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	642.95	645 03	646.39	645.04	660.35 (5/11)	546.63 (14/1)
NETHERLANDS						
CBS Tll Rtn Gen.(End 1983)	294.8	295 6	294 7	294 4	314 90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	198.4	198.9	198.3	198 1	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	660 62	659.15	(c)	667 04	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1256.22	1241.01	1234 57	1223 67	1580.95 (11/6)	1083 01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	391.41	390.43	388 40	387.53	416 99 (21/1)	351.41 (21/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	806.0ψ	816.0	815.0	817.0	1327.00 (21/1)	746.00 (10/11)
JSE Industrial (28/9/78)	4367.0ψ	4356.0	4338.0	4329.0	4689.00 (4/6)	3936 00 (19/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	678 44†	675.36	670.43	691.48 (8/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	214.92	215.07	(c)	218.14	266.51 (28/2)	179 48 (5/10)
SWEDEN						
Affarsvariden Gen. (1/2/37)	913.7	917.8	(c)	916 9	1014.50 (11/5)	639.00 (5/10)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	921.4	921.3	(c)	910 7	921.40 (29/12)	748.50 (8/1)
SBC General (1/4/87)	686 8	685.7	(c)	678.1	685 80 (29/12)	596.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	3377.06	3327.67	3456.00	3448.15	5391.63 (30/1)	3327 67 (28/12)
THAILAND						
Bangkok SET (30/4/75)	888.20	890.83	869.00	863.50	963 03 (5/11)	667.84 (19/5)
WORLD						
M S. Capital Intl.(1/1/70) ($)	500 8*	501.1	505.0	504.7	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	878.78	874.17	870.34	867.91	976.55 (25/5)	772.52 (5/10)

**Saturday December 26 Taiwan Weighted Price. (c), Korea Comp Ex. †-678.93.
ψ Subject to official recalculation. †-Corrected figure. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255 7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday, December 29, 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Isuzu Motor	6 3m	318	+10	Nomura Sec	1.3m	1530	+10
Npn Steel	2.3m	294	+4	Matsushita E Ind	1.1m	1180	+20
Toshiba	1 8m	640	+6	Katsumura Cons	1.1m	576	+1
NGK Spark Plug	1.7m	916	+30	Mitsui Minig	1.0m	476	+9
Kawasaki Steel	1.3m	281	-1	Canon	1 0m	1380	

3 pm December 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	10⅝	AAR Corp	0.48	4.1	21	556	11⅝	11⅛	11⅝	+⅛
30½	18	[illegible]	0.18	0.6	146	120	23½	23	23½	+⅛
68¾	52⅞	AMP Inc	1.52	2.6	21	709	58⅝	57½	58¼	+⅞
60¼	54⅞	AMR				135130	66¼	64	65½	+1
2⅞	1⅛	ARX			12	58	1⅞	1¾	1⅞	+⅛
52½	30½	ASA	2.00	6.4	20	412	31½	31	31⅛	-⅛
34⅛	26⅜	Abbott Lab	0.60	1.9	22	8363	31½	31⅜	31¼	-⅛
13⅞	10⅝	Abitibi Pr	0.50	4.4	5	5	11⅝	11¼	11⅛	
11⅞	10⅛	ACM Gvt .. f	2.20	9.5		415	11	10¾	10⅞	
10⅛	9	ACM GvOpp x	1.21	13.3		38	9⅛	d9	9⅛	
9¼	8½	ACM Gvt Sp x	0.85	9.6		389	8⅞	8¾	8⅞	
11⅜	9⅞	ACM Gvt Sc x	1.01	9.6		278	10⅝	10½	10⅝	+⅛
10⅝	8⅝	ACM Man x	1.16	11.6		79	10	9⅞	10	
12⅞	8⅝	ACM Mgd x	0.78	9.0		322	8⅞	d8⅝	8⅝	-⅛
11⅜	4¾	Acme Cleve	0.40	5.0	15	69	8¼	8	8	-⅛
8½	3¼	Acme Elect			100	74	6	5¾	6	+⅛
30¼	14⅞	Acuson			12	519	16	15⅞	15⅞	-⅛
21	18⅛	Adams Expr	1.62	8.1	1	92	20	19⅞	20	+⅛
49⅛	29½	Ad Micro	3.00	6.5		73	46¾	46¼	46½	+¼
21½	7½	Ad Micro P	3.00	18.7		52787	18⅞	17⅞	18	+⅛
9⅛	4⅞	Advest Grp	0.16	2.8	11	21	5¾	5⅝	5⅝	
42¾	33	Aegon ADR	1.35	3.2	7	3	42	41⅞	41⅞	-⅛
48¾	38	Aetna Li	2.76	5.9	13	1915	47⅛	45¾	45⅞	+⅛
12⅞	8½	Alld A	0.24	2.0	16	427	12⅛	12	12⅛	+⅛
34⅞	24	Aflac	0.44	1.3	15	1082	34⅛	33⅞	34⅛	+⅛
19⅞	13	Ahmanson	0.88	5.0		84539	17⅞	17½	17¾	+⅛
22½	4	Aileen Inc			11	1653	7	6½	6½	-1⅞
49½	36½	Air Pr Chm x	0.86	1.9	18	938	45¾	45¼	45½	-¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
82¼	68½	Xerox	3.00	3.8		182085	80	79⅛	79¼	-⅛
55	50½	Xerox4 125				z100	52¼	52¼	52	-¼
44⅛	24⅞	Xtra 1.94	1.94	4.7		20	u44⅛	44⅛	41	-3⅛
62½	28½	Xtra Corp	0.80	1.3	16	306	u63½	62⅝	63¼	+⅞
30⅝	25¼	Yankee Egy	1.66	5.5	13	113	30	29½	30	+½
1½	½	Zapata			37	201	13/16	¾	¾	
11⅛	5	ZenithElec			2	626	6⅛	5⅞	6	+⅛
20	14½	Zenith Nat	1.00	5.1	9	674	19¾	19⅝	19¾	+¼
7½	6	Zenix Inc x	0.82	12.6		132	6⅝	6½	6½	-⅛
14	10	Zero Corp	0.40	2.9	21	179	u14⅛	13¾	13¾	
38½	27¾	Zurn Ind	0.88	2.3	43	32	u38⅝	38⅛	38⅜	
14⅛	12	Zweig Fund	1.12	8.6		107	13⅛	13	13	
11	9½	Zweig Totl	0.95	9.6		223	10	9⅞	10	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm December 29

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pegasus G	0.10	29	577	14¼	13⅞	13⅞	-⅜
Perini	0.80	16	136	16¼	16	16¼	+⅜
Pet H&P	1.14	11	2	17	17	16½	-¼
PhII LD	0.25	15	547	36	35	36	+1
Pittway A	1.10	18	49	34¼	33½	34⅛	+⅜
Ply Gem	0.12	25	111	13⅛	12¾	12¾	-¼
PMC x	0.72	17	56	13⅛	12⅞	13⅛	+¼
PresidioA	0.10	0	549	13/16	13/16	13/16	+1/16

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Bowmar		11	7	2¼	2⅛	2¼	
Bowne	0.30	6	253	14⅞	14⅝	14⅝	-½
Brascan A	0.87	23	32	10¾	10½	10½	-½
Cal Engy		18	359	16¾	16⅜	16⅝	-⅛
Calprop		0	2	1¼	1¼	1¼	+1/16
Can Marc	0.23	7	z100	10¾	10¾	10⅜	-⅜
Chmbrs A	0.01	29	863	5⅛	4 11/16	4 11/16	-7/16
Chambers		6	113	5⅛	4⅞	4⅞	-½
Champion		80	447	u10⅞	10½	10½	+⅛
Fr ofLoan		21	1313	49¼	48⅞	49⅛	+⅛
Giant FdA	0.68	19	495	22½	22¼	22⅜	
Glatftr	0.70	12	249	18⅛	18	18	-⅛
Goldfield		2	142	⅝	9/16	9/16	
Greenman		6	37	4⅝	4½	4½	
Gulf Cda	0.34	4	151	3 3/16	3⅛	3⅛	
Hasbro	0.20	16	1035	33¼	33	33¼	
Health Ch		15	186	1 13/16	1 11/16	1⅞	-⅛
MSR Expl		1	46	13/16	13/16	13/16	-1/16
Nat Patnt		10	430	2⅞	2 9/16	2 13/16	+⅛
New Line		26	92	12⅞	12⅝	12¾	-¼
NY Times A	0.56	89	2804	26¼	26⅛	26⅛	+⅛
NthCanOil	0.17	47	z100	8½	8½	8½	+⅛
Numac O&G		2	4	4⅜	4⅜	4 7/16	
NV Ryan		0	115	7/16	½	½	
Odetics A		73	13	6	5⅞	5⅞	
Olsten	0.32	31	80	37¾	37⅛	37¾	+⅝
UnivPtnts		51	13	9⅞	9¾	9⅞	+⅛
US Cellul		92	11	21¼	21⅛	21¼	
WangLab C		0	10	1 5/16	1 5/16	1 5/16	
WangLab B		0	2134	7/16	⅜	⅜	
Westbrld		115	9	5¾	5¾	5¾	-⅛
Westamer	0.52	10	14	23½	23¼	23¼	
WIRET	1.12	17	74	12⅜	12⅛	12⅜	+⅛
Worthen	0.16	10	35	26	25½	25¾	-⅛
Xytronix		6	92	7⅛	6¾	7⅛	+⅜

NASDAQ NATIONAL MARKET

3:15 pm December 29

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		28	3179	24¼	23½	23¾	-¼
Xoma Corp		4	2977	9⅜	9¼	9½	
Yellow Fr	0.94	21	840	27¾	27⅝	27¾	
York Rsch		7	511	7⅛	6⅞	6⅞	
ZionsUtah	0.84	12	77	u78	78	78¼	-1¾

AMERICA

IBM weakness brakes broad rise in equities

Wall Street

US equity prices moved broadly higher but the Dow's rise was held back by erosion in IBM's share price, *writes Karen Zagor in New York*.

At 1 pm, the Dow Jones Industrial Average was 11.35 higher at 3,344.61. The more broadly based Standard & Poor's 500 gained 2.70 to 441.85, while the Amex composite was up 0.40 at 394.58, and the Nasdaq composite climbed 3.94 to 670.19. Trading volume on the NYSE was 125m shares by 1 pm, and rises outnumbered declines by 1,062 to 643. On Monday, the Dow closed 7.02 higher at 3,333.26 in thin volume.

Wall Street's buoyancy was the result of several factors including better-than-expected existing home sales for November, a strong consumer confidence index and end-of-year window-dressing by money managers.

The consumer confidence index for December rose to 78.3 from 65.6 in November while the National Association of Realtors said that existing home sales rose 5.8 per cent in November. In addition, the last week of the year is traditionally a strong period for the stock market.

IBM fell $2¼ to $49½ in active trading after Merrill Lynch cut its long-term investment rating on the stock to "above average" from "buy".

AT&T added $⅞ to $52¾, a 52-week high. Philip Morris firmed $1⅛ to $78½ and Disney rose $⅝ to $44⅞.

Shares in Tiffany, the up-market US jeweller, soared $3⅛ to $32⅝ on news that several analysts had upgraded their investment ratings. On Monday, Tiffany reported an 8 per cent rise in sales for the eight-week holiday period.

Shares in Cordis, a company which makes specialised medical devices, climbed $1¼ to a 52-week high of $37. The Food & Drug Administration approved US marketing of the company's Sleuth XT and PTCA Dilation Catheters.

News that the FDA had approved the marketing of taxol, a promising new cancer drug derived from the Pacific yew tree, helped shares in Bristol-Myers to advance by $⅞ to $68⅝. Bristol-Myers has received permission to market taxol to women with ovarian cancer who have failed to respond to chemotherapy.

In the same sector, Merck held steady at $44¾, Pfizer lost $⅛ to $73⅛ and American Home Products was off $¼ at $70. Upjohn, which is taking a $224m after-tax charge to adopt new accounting standards and for retiree benefits, added $¼ to $33.

A number of technology issues were active in Nasdaq trading. Novell firmed $1⅛ to $29, Oracle Systems improved $¼ to $28¼. Microsoft slipped $⅛ to $87⅜ and Intel eased $⅛ to $90⅛.

Canada

TORONTO displayed a distinct contrast between metals and minerals, up 26.08 to 2,767.48, and industrial products, down 21.72 to 2,013.98, at 1 pm.

The TSE 300 composite index fell just 0.18 to 3,319.73. Volume rose to 29.4m shares from 16.0m last Thursday.

Weakness in gold shares was offset by gains in transportation as PWA Corp rose 14 Canadian cents or 20 per cent to 84 cents after announcing a deal with AMR Corp.

Summit plan leaves Copenhagen flat

Danish shares are still the worst performers in Europe this year, writes **Hilary Barnes**

There had been hopes that the solution to Denmark's Maastricht treaty problem, at the Edinburgh summit a little over a fortnight ago, would lift the Copenhagen bond and equities markets out of the doldrums in which they have wallowed since last the treaty went down to defeat in the Danish referendum last June.

But the Edinburgh deal has failed to impress the financial markets, which are operating under the influence of several important negative influences. The continued currency unrest and very high short-term interest rates are a drag on the markets.

The medium-term outlook is adversely affected by currency depreciation in several of Denmark's most important export markets, especially Sweden and the UK, and by the prospect of stagnation in the German market which accounts for 20 per cent of Denmark's merchandise exports.

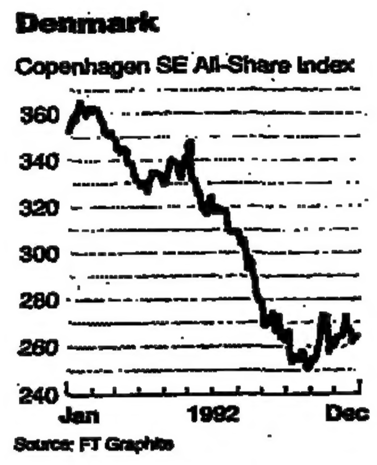
Several of the large industrial companies have adjusted their profit forecasts for 1992 downwards, including FLS Industries, Danisco and Lauritzen, while Carlsberg warned that earnings growth may not be as strong in 1992-93 as last year.

Novo Nordisk's share price, meanwhile, has fallen in recent days following a statement by the group that it will not be able to introduce nasal sprays for insulin before the turn of the century.

The all-share index has fallen by nearly 25 per cent since the beginning of 1992, making Copenhagen the worst performer in Europe. The shares to suffer most were the banks, down by 30 per cent, insurance, down 39 per cent, and investment companies, down 38 per cent. In each case the performance reflects the dismal state of the property and the equity markets.

Although no major Danish bank has run into terminal trouble (in marked contrast to the banks in Denmark's Nordic neighbours), the banks continue to report very large loss provisions.

Denmark



Source: FT Graphite

Hafnia Holding, controlling the Hafnia insurance business, suspended payments in the autumn following unwise investments in Sweden's Skandia and Denmark's Baltica, while Baltica expects to see its equity capital halved as a result of 1992 losses.

Until both long- and short-term interest rates come down, and bond and share prices recover, companies in the financial sector will continue to face extremely difficult conditions.

While market conditions have been unsatisfactory in 1992, the Copenhagen Stock Exchange (CSE), the Guarantee Fund for Future and Options and the Securities Registrations Centre, the institutional trio which operate the Copenhagen market, are feeling pleased by a number of innovations which they say have helped to make the Copenhagen market more attractive.

The Guarantee Fund reduced its fees to market-makers three times in 1992, finally abolishing fees, which were made per contract, for registered market-makers with effect from the first trading day of 1993.

The Copenhagen futures and options market has noted an increase in contracts concluded of about 50 per cent in 1992, says Mr Tyge Vorstrup Rasmussen, the fund's chief executive, and he expects that there will be a similar increase again in 1993.

Options on three new shares will be introduced from January 1: Carlsberg B, Sophus Berendsen B and ISS B. Options trading exists already for Danske Bank, Unidanmark, Novo Nordisk, Danisco and East Asiatic.

Another important innovation was the establishment in the autumn of Copenhagen Stock Exchange International (COSI) for trading in international securities which are not listed on the CSE.

The COSI list includes leading German and Scandinavian shares and Swedish government bonds. "Turnover in some of the Nordic shares, such as Norsk Hydro, Volvo and Ericsson, in the COSI system is 20 to 70 per cent of the turnover in the shares' domestic markets," says Mr Vorstrup Rasmussen.

ASIA PACIFIC

Technical rebound lifts Nikkei in thin trading

Tokyo

TOKYO stocks closed moderately higher in a technical rebound following Monday's drop, *Reuter reports from Tokyo*.

Public pension fund buying and index-linked buy programs gave prices an upward twist, but volume remained thin with most investors away on holiday.

The 225-share Nikkei average closed up 97.02 at 17,285.64, after a low of 17,146.48 and a high of 17,312.13 in the late afternoon, helped by short covering from the futures market. Advances led declines by three to two, with 533 higher, 354 lower and 182 unchanged and volume was estimated at about 130m shares. The broader first section Topix index was up 4.54 at 1,326.38, and in London, the ISE/Nikkei 50 index rose 0.50 to 1,081.07.

"This is not a market for attempting any bold moves," said Mr Masahiko Tsuyuzaki of Tachibana Securities. "We're stuck in a box range in the absence of any hard news. But public pension funds seem to be coming in and soaking up selling pressure."

The market opened higher on bargain-hunting by dealers and some institutional investors. But the rebound proved short-lived and the Nikkei succumbed to arbitrage selling and profit-taking ahead of the New Year holiday.

The day's key gainers were the railway/bus, warehouse, service, gas, brokerage, precision instrument, communications, automobile, machinery and airline sectors.

The fishery, credit/lease, food, electric power, non-life insurance and rolling stock sectors were the decliners.

Most heavily traded, Isuzu rose Y10 to Y318 on the restructuring theme. Some cheaper large capital issues continued to attract buying interest. Nippon Steel was up Y4 to Y294 and Hitachi Zosen Y2 to Y497.

Toshiba rose Y6 to Y640, helped by reports that it had won an order to build a space satellite. Canon ended unchanged at Y1,380 in relatively brisk trade.

The second section index was down 0.36 to 1,727.42, with 2.95m shares traded.

Roundup

SOME markets in the region traded for the last time this year. Seoul was already closed and will reopen on January 4.

HONG KONG closed sharply lower on profit-taking but trading was still very thin. The Hang Seng index finished 87.52 lower at 5,444.13 with HK$1.48bn changing hands, compared with Monday's HK$2.27bn.

Trading focused on blue chips, with property stocks meeting the most pressure. Cheung Kong fell 70 cents to HK$18.70, Sun Hung Kai Properties 70 cents to HK$27.60 and Henderson Land 30 cents to HK$14.60.

Hang Seng Bank, supported by selective buying in the morning, closed 50 cents lower at HK$51.50. Hutchison Whampoa lost 60 cents to HK$15.

TAIWAN was pulled up by a technical rebound on the last trading day of this year, but brokers said confidence remained weak and political worries would continue to hurt the market when it reopens on January 5. The weighted index ended 49.39 or 1.5 per cent up at 3,377.06 in turnover of T$9.6bn against Monday's T$10bn.

AUSTRALIA ended slightly ahead despite efforts by some brokers to sell some stock down to depress the index. The market climbed 8 points in the first 30 minutes but suddenly fell again before noon. The All Ordinaries finished up 2.8 at 1,539.0 in low turnover of A$116.1m.

Among stocks apparently targeted were CRA, down 28 cents to A$13.22, and Comalco, down 15 cents to A$3.10.

BHP jumped 14 cents to A$13.24 following news that BHP Petroleum has signed an agreement jointly to explore the Dai Hung oilfield off Vietnam. The cement maker Adelaide Brighton, down 1 cent to A$1.71, topped turnover in industrials after South Australia's State Government Insurance Commission sold 6m shares – half its stake – at $A1.70 each.

NEW ZEALAND was lifted by end-of-year overseas buying of leading shares and the NZSE 40 capital index closed 15.2 higher at 1,557.52, its first foray above 1,550 since August 6. Turnover was thin at NZ$10.2m.

Brierley rose 1 cent to NZ$1.03 while Fletcher Challenge rose 6 cents to $2.50.

MANILA closed higher on the last trading day of the year, fuelled by Philippine Long Distance Telephone's strong performance in New York, and by window-dressing. The composite index firmed 15.21 to 1,256.22. The market will reopen on Monday. PLDT rose 25 pesos to 870 while Philippine National Bank closed 5 pesos higher at 230. Combined turnover eased to 408.74m pesos from 1.05bn.

SINGAPORE closed firmer in thin trading as the Straits Times Industrial index rose 2.32 to 1,506 in volume of 52.2m shares against 53.1m.

KUALA LUMPUR drifted to a lower close in thin trading as investors remained sidelined ahead of the New Year holiday. The composite index fell 2.08 to 642.95 in volume of 51.5m shares against 80.5m.

EUROPE

Bourses vary as holiday hiatus continues

THERE was little news to drive continental markets higher in the countdown to the new year, *writes Our Markets Staff*.

FRANKFURT flattened out in another thin session, the DAX index closing 2.38 lower at 1,542.23 and the more extreme share price variations making little sense in terms of news, rumour or fundamentals. Turnover rose to DM2.9bn from DM2.6bn.

Carmakers, once again, raised eyebrows as BMW and Daimler rose by another DM3.80 to DM488.80, and DM2.50 to DM536.50 respectively. Their suppliers reflected the industry's prospects more accurately with Continental, the tyremaker, down DM5.30 to DM193.20 and Varta, the battery manufacturer, DM6 lower at DM269.

Other notable gains included Viag, DM6.30 higher at DM339.80 and Thyssen, up DM2.80 at DM166, but Mr Thomas Nolten at B Metzler in Frankfurt said that some fund managers were still polishing up one or two prices for their year-end display.

PARIS was boosted by arbitrage-related activity as domestic and foreign institutions continued to remain inactive due to the holiday period. The CAC-40 index closed at 1,870.28, up 12.75 and just below the day's best level of 1,874.20. Turnover remained modest at just under FFr2bn.

There was little news on the corporate front, apart from the approval by shareholders of the industrial group, Matra, of the merger with the media company, Hachette. Hachette shareholders were to be asked to vote on the merger later in the day. Hachette jumped FFr3.50, or 4.2 per cent to FFr86.70 while Matra put on FFr4 to FFr194.

The day's most active stock was SocGen which added FFr18 to FFr615. Pernod fell FFr9 or 2.4 per cent to FFr363.

AMSTERDAM finished weaker but off the day's lows thanks to share prices reaching record levels in London. The CBS Tendency index closed at 106.5, down 0.6.

KLM fell 80 cents to Fl 24.50 on fears of a European air fare war after Lufthansa's announcement that it will cut tariffs on some of its European flights from January 1.

Daf dropped Fl 1.30 to Fl 8.90 after the company said that it will halve its working week for six weeks from next month.

ZURICH consolidated, the SMI index easing 3.7 to 2,089.4. According to the FT-Actuaries World Indices, the Swiss equity market is leading Europe comfortably in local currency terms and is the only European bourse with a sizeable gain in dollar terms.

Swiss Volksbank continued to echo earlier takeover hopes with the shares up another SFr13 to SFr755.

MILAN rose 2.4 per cent on hopes that the government was about announce a series of measures to boost investment in the stock market. The Comit index added 10.55 to 449.03 in turnover estimated at more than Monday's L101.3bn.

Credito Italiano, whose privatisation was announced in September, added L124 or 4.2 per cent to L3,059, while Banca Commerciale Italiana put on L160 or 3.5 per cent to L4,735.

The insurance sector remained strong, with Generali gaining L550 to L29,000.

MADRID featured a further fall in Santander, down Pta125 to Pta4,155, but the broad market regained its equilibrium. After a fall of over 1 per cent early in the session, the general index recovered to close only but 0.15 lower at 214.92.

Acerinox and Asturiana de Zinc rose Pta110 to Pta6,340 and Pta25 to Pta1,795 after big block trades in each by Banesto on Monday.

BRUSSELS saw another drop in Delhaize which took the Bel-20 index down by 4.81 to 1,128.18. Volume doubled from Monday's low level to BFr964m.

Delhaize fell BFr46 or 3.4 per cent to BFr1,322 on continued worries about its US subsidiary Food Lion's expansion plans.

STOCKHOLM was led lower by the pharmaceutical sector which ran into profit-taking. The Affärsvärlden general index ended 4.10 lower at 913.7 in thin turnover of SKr426m after SKr368m.

Astra's B share eased SKr7 to SKr730 while the A share fell SKr7 to SKr740.

VIENNA dipped in line with Frankfurt, the ATX index ending 3.43 lower at 749.43. The fibre producer, Lenzing, fell Sch28 or 4.3 per cent to Sch624, recovering from a session low of Sch611 after warning that it will cut its dividend for 1992. The paper maker, Leykam, shed Sch14 to Sch252.

ATHENS continued to dissipate the recovery it had achieved in the month to mid-December. The Athens general index, which stood at 560.11 on November 18 and at 711.86 or 27 per cent better a month later, fell 17.30 to 659.89.

FT-SE Actuaries Share Indices

December 29 — THE EUROPEAN SERIES

Hourly changes‡	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1084.35	1083.96	1084.01	1084.36	1084.18	1085.30	1086.13	1086.47
FT-SE Eurotrack 200	1164.73	1163.78	1163.33	1164.04	1163.44	1163.91	1166.94	1167.59

	Dec 24	Dec 23	Dec 22	Dec 21	Dec 18
FT-SE Eurotrack 100	1078.93	1073.60	1072.92	1059.21	1050.25
FT-SE Eurotrack 200	1160.29	1154.31	1157.60	1145.44	1136.56

Base value 1000 (26/10/90) High/day: 100 - 1086.70; 200 - 1167.91 Low/day 100 - 1083.41 200 - 1161.41

SOUTH AFRICA

JOHANNESBURG ended firm but off the day's highs in thin trading. The industrial index finished 12 up at 4,368, off the day's peak of 4,374 and the overall index rose 6 to 3,261. The gold index shed 10 to 806 on position-squaring.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 28 1992								THURSDAY DECEMBER 24 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	124.01	−0.3	121.52	97.69	103.57	119.65	+0.0	4.06	124.40	120.39	97.35	103.03	119.65	153.68	108.18	146.93
Austria (18)	137.64	−0.8	134.88	108.43	114.96	114.83	+0.2	2.13	138.69	134.21	108.53	114.86	114.59	186.70	134.91	186.17
Belgium (42)	135.22	−0.5	132.51	106.51	112.93	109.83	+0.0	5.21	135.93	131.56	106.37	112.58	109.79	152.27	133.99	143.88
Canada (113)	115.70	−0.2	113.37	91.14	96.62	105.64	+0.0	3.21	115.88	112.14	90.68	95.97	105.64	142.12	111.38	135.91
Denmark (34)	191.82	−0.2	187.97	151.11	160.21	161.64	+0.7	1.69	192.23	186.03	150.43	159.20	160.53	273.94	181.70	266.59
Finland (15)	68.85	−1.6	67.46	54.24	57.50	75.72	−1.4	1.86	69.99	67.73	54.77	57.96	76.82	89.80	52.84	77.97
France (99)	148.32	−0.7	145.34	116.83	123.86	127.44	+0.2	3.54	149.30	144.48	116.83	123.64	127.22	168.75	136.93	147.97
Germany (64)	104.81	+0.2	102.71	82.56	87.53	87.53	+1.0	2.59	104.60	101.22	81.86	86.62	86.62	129.69	102.51	117.09
Hong Kong (53)	222.99	+1.7	218.51	175.66	186.24	221.58	+1.7	4.07	219.30	212.23	171.61	181.63	217.94	262.28	176.36	175.21
Ireland (16)	137.70	−0.9	134.94	108.48	115.01	118.13	+0.0	4.64	138.92	134.44	108.71	115.05	118.13	173.71	122.98	165.81
Italy (77)	55.02	−1.2	53.92	43.34	45.95	59.32	+0.1	3.50	55.70	53.90	43.58	46.13	59.25	80.86	47.47	74.72
Japan (472)	106.42	−3.0	104.28	83.83	88.89	83.83	−2.3	1.00	109.67	106.14	85.83	90.84	85.83	140.85	87.27	135.01
Malaysia (69)	264.53	−0.7	259.22	208.38	220.93	265.34	−0.4	2.50	266.41	257.82	208.47	220.63	266.51	282.42	212.49	212.49
Mexico (18)	1656.91	+0.3	1623.67	1305.28	1383.84	5646.71	+0.3	1.06	1652.73	1599.43	1293.36	1368.79	5628.84	1789.77	1185.84	1367.74
Netherland (25)	153.23	−0.6	150.16	120.71	127.98	126.36	+0.3	4.50	154.09	149.12	120.58	127.62	126.03	169.70	147.88	152.41
New Zealand (13)	42.32	−0.1	41.47	33.34	35.35	43.61	+0.0	5.11	42.35	40.98	33.14	35.08	43.61	48.52	37.39	46.40
Norway (22)	138.13	−2.9	135.36	108.82	115.37	128.35	−1.9	1.88	142.31	137.72	111.37	117.86	130.87	192.95	128.05	178.19
Singapore (38)	211.37	+0.9	207.13	166.51	176.53	159.77	+0.9	2.06	209.45	202.70	163.91	173.47	158.30	229.63	179.65	217.28
South Africa (60)	146.56	+0.4	143.62	115.46	122.41	157.46	+0.4	3.24	145.95	141.24	114.21	120.87	156.79	263.60	134.21	248.69
Spain (48)	117.99	−2.5	115.62	92.95	98.54	101.76	−1.7	5.91	121.00	117.09	94.69	100.21	103.49	161.72	107.10	153.48
Sweden (31)	166.55	−0.8	163.21	131.21	139.10	174.33	−0.5	2.25	167.93	162.51	131.42	139.08	175.14	200.28	149.69	180.73
Switzerland (60)	113.59	+0.2	111.31	89.49	94.88	102.39	+1.2	2.09	113.32	109.67	88.69	93.87	101.13	122.37	95.99	100.22
United Kingdom (226)	171.23	−1.2	167.80	134.88	143.00	167.79	+0.0	4.41	173.39	167.80	135.67	143.59	167.79	200.07	161.86	179.83
USA (522)	179.39	−0.1	175.79	141.33	149.63	179.39	−0.1	2.85	179.52	173.73	140.49	148.69	179.52	180.06	160.92	169.17
Europe (777)	136.27	−0.8	133.54	107.35	113.82	124.51	+0.2	3.78	137.38	132.95	107.51	113.79	124.24	156.88	131.31	145.19
Nordic (102)	150.15	−0.8	147.13	118.28	125.40	140.18	−0.3	2.05	151.39	146.51	118.47	125.38	140.56	188.52	141.24	183.36
Pacific Basin (713)	110.97	−2.5	108.74	87.42	92.68	89.24	−1.9	1.35	113.85	110.18	89.10	94.30	91.01	141.97	93.70	136.18
Euro – Pacific (1490)	121.21	−1.8	118.77	95.48	101.22	103.37	−1.0	2.46	123.37	119.39	96.54	102.17	104.39	146.21	113.80	140.11
North America (635)	175.44	−0.1	171.92	138.23	146.55	174.39	−0.1	2.87	175.58	169.92	137.42	145.44	174.52	176.04	158.70	167.05
Europe Ex. UK (551)	115.33	−0.5	113.01	90.87	96.34	101.05	+0.4	3.32	115.89	112.15	90.71	96.00	100.68	132.98	111.33	124.22
Pacific Ex. Japan (241)	155.65	+0.5	152.53	122.64	130.01	143.94	+0.6	3.70	154.90	149.90	121.24	128.30	143.03	175.31	146.06	147.73
World Ex. US (1681)	122.25	−1.7	119.80	96.31	102.11	105.39	−0.9	2.48	124.31	120.30	97.29	102.96	106.35	146.91	115.99	141.88
World Ex. UK (1977)	137.65	−1.0	134.89	108.44	114.96	124.23	−0.6	2.43	138.98	134.49	108.76	115.11	125.01	150.58	127.21	147.16
World Ex. So. Af. (2143)	140.64	−1.0	137.82	110.81	117.47	127.77	−0.6	2.63	142.06	137.48	111.18	117.66	128.49	153.05	130.04	149.38
World Ex. Japan (1731)	159.92	−0.3	156.71	125.99	133.58	153.84	+0.1	3.20	160.37	155.20	125.51	132.84	153.74	165.40	151.93	159.38
The World Index (2203)	140.57	−1.0	137.75	110.74	117.41	128.08	−0.6	2.64	141.96	137.39	111.10	117.58	128.79	153.70	130.66	150.02

Constituent change 24/12/92: Name change: Magnum Group to DB Group (New Zealand). Latest prices were unavailable for this edition.
Markets closed December 28: Australia, Canada, Ireland, New Zealand, & UK.